Altice International S.à r.l.

**CONSOLIDATED
FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2020**

Table of Contents

Altice International S.à r.l.
Consolidated Financial Statements

Consolidated Statement of Income (€m)	**Notes**	**Year ended December 31, 2020**	**Year ended December 31, 2019**
Revenues	4	**4,064.5**	**4,083.5**
Purchasing and subcontracting costs	4	(1,009.0)	(1,000.5)
Other operating expenses	4	(868.5)	(933.0)
Staff costs and employee benefits	4	(477.1)	(469.5)
Depreciation, amortization and impairment	25	(1,206.1)	(1,256.4)
Other (expenses) and income	4	58.5	(367.1)
Operating profit	4	**562.3**	**57.0**
Interest relative to gross financial debt	26	(468.7)	(606.0)
Realized and unrealized (losses)/gains on derivative instruments linked to financial debt	26	(229.5)	146.6
Other financial expenses	26	(109.8)	(112.6)
Finance income	26	337.7	209.2
Net result on extinguishment and remeasurement of financial liabilities	26	370.6	(9.6)
Finance costs, net	26	**(99.7)**	**(372.4)**
Share of gain/(loss) of associates and joint ventures	9	3.2	(7.0)
Profit/(loss) before income tax		**465.8**	**(322.4)**
Income tax expense	23	(48.0)	(116.5)
Profit/(loss) for the period		**417.8**	**(438.9)**
Attributable to equity holders of the parent		403.5	(438.8)
Attributable to non-controlling interests		14.3	(0.1)

Consolidated Statement of Comprehensive Income (€m)	**Year ended December 31, 2020**	**Year ended December 31, 2019**
Profit/(loss) for the period	**417.8**	**(438.9)**
Other comprehensive income/(loss)		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	4.0	(29.7)
Cash flow hedges - effective portion of changes in fair value	16.4	33.3
Cash flow hedges - reclassified to profit or loss	101.0	5.9
Related taxes	(39.7)	(9.8)
Item that will not be reclassified subsequently to profit or loss		
Change of fair value of equity instruments at fair value through OCI	1.6	(0.7)
Actuarial gain/(loss)	15.1	(119.9)
Related taxes	(3.1)	25.3
Total other comprehensive income/(loss)	**95.3**	**(95.6)**
Total comprehensive income/(loss) for the period	**513.1**	**(534.5)**
Attributable to equity holders of the parent	500.2	(535.2)
Attributable to non-controlling interests	12.9	0.7

The accompanying notes from pages 5 to 77 form an integral part of these consolidated financial statements.

Altice International S.à r.l.
Consolidated Financial Statements

Consolidated Statement of Financial Position (€m)	**Notes**	**As of December 31, 2020**	**As of December 31, 2019**
Non-current assets			
Goodwill	5	3,139.1	3,247.9
Other intangible assets	6	1,159.9	1,438.1
Property, plant & equipment	7	3,438.6	3,521.4
Right-of-use assets	6.2	802.4	871.3
Contract costs	8	107.8	104.2
Investment in associates and joint ventures	9	15.2	16.0
Financial assets	10	2,562.2	1,805.7
Deferred tax assets	23.2	153.9	67.2
Other non-current assets	10.2	182.4	191.9
Total non-current assets		**11,561.5**	**11,263.7**
Current assets			
Inventories	11	119.1	130.9
Contract assets	8	36.9	36.7
Trade and other receivables	12	1,415.8	1,023.6
Current tax assets		22.8	50.9
Financial assets	10	207.5	38.6
Cash and cash equivalents	13	354.0	395.5
Restricted cash	13	39.3	37.5
		2,195.4	1,713.7
Assets classified as held for sale	3.5	-	118.9
Total current assets		**2,195.4**	**1,832.6**
Total assets		**13,756.9**	**13,096.3**
Equity			
Issued capital	14.1	309.3	309.3
Other reserves	14.2	(159.1)	(255.8)
Accumulated gains/(losses)		605.9	(583.0)
Equity attributable to equity holders of the parent		**756.1**	**(529.5)**
Non-controlling interests	3.4	(20.1)	(12.2)
Total equity		**736.0**	**(541.7)**
Non-current liabilities			
Long-term borrowings, financial liabilities and related hedging instruments	17	7,395.9	8,155.8
Other financial liabilities	17.8	1,033.6	690.3
Non-current lease liabilities	20	805.5	840.3
Provisions	15	861.4	977.5
Deferred tax liabilities	23	88.0	86.2
Non-current contract liabilities	8	54.4	61.6
Other non-current liabilities	22	25.9	31.9
Total non-current liabilities		**10,264.7**	**10,843.6**
Current liabilities			
Short-term borrowings, financial liabilities and related hedging instruments	17	92.3	288.4
Other financial liabilities	17.8	808.4	676.5
Current lease liabilities	20	83.7	82.8
Trade and other payables	21	1,371.6	1,412.7
Contract liabilities	8	106.4	117.5
Current tax liabilities		189.4	115.5
Provisions	15	87.7	78.4
Other current liabilities	22	16.7	22.4
		2,756.2	2,794.2
Liabilities directly associated with assets classified as held for sale	3.5	-	0.2
Total current liabilities		**2,756.2**	**2,794.4**
Total liabilities		**13,020.9**	**13,638.0**
Total equity and liabilities		**13,756.9**	**13,096.3**

The accompanying notes from pages 5 to 77 form an integral part of these consolidated financial statements.

Altice International S.à r.l.
Consolidated Financial Statements

Consolidated Statement of Changes in Equity	Number of shares on issue	Share capital	(Accumulated losses)/retained earnings	Currency translation reserve	Cash flow hedge reserve	Fair value through OCI	Employee benefits	Total equity attributable to equity holders of the parent	Non-controlling interests	Total equity
(€m)	Common Shares A									
Equity at January 1, 2020	**30,925,700**	**309.3**	**(583.0)**	**(38.4)**	**(94.6)**	**1.9**	**(124.7)**	**(529.5)**	**(12.2)**	**(541.7)**
Profit for the period		-	403.5	-	-	-	-	**403.5**	**14.3**	**417.8**
Other comprehensive profit/(loss)		-	-	5.3	77.8	1.6	12.0	**96.7**	**(1.4)**	**95.3**
Comprehensive profit/(loss)		**-**	**403.5**	**5.3**	**77.8**	**1.6**	**12.0**	**500.2**	**12.9**	**513.1**
Transactions with non-controlling interests[1]		-	1,066.9	-	-	-	-	**1,066.9**	**(12.4)**	**1,054.5**
Dividends[2]		-	-	-	-	-	-	**-**	**(9.5)**	**(9.5)**
Initial recognition of amended debt[3]			(267.1)					**(267.1)**	**-**	**(267.1)**
Other		-	(14.4)	-	-	-	-	**(14.4)**	**1.1**	**(13.3)**
Equity at December 31, 2020	**30,925,700**	**309.3**	**605.9**	**(33.1)**	**(16.8)**	**3.5**	**(112.7)**	**756.1**	**(20.1)**	**736.0**

1 Transactions with non-controlling interests mainly related to the sale of 49.99% of the Portuguese fibre business (please refer to note 3.1.2) and the acquisition of the minority interests of Teads.
2 Dividends related mainly to the dividend payments by subsidiaries Altice Technical Services, reducing NCI by €8.5 million, please refer to note 3.4.
3 This relates to amended value of the MCN, please refer to note 17.8.6.

Consolidated Statement of Changes in Equity	Number of shares on issue	Share capital	(Accumulated losses)/retained earnings	Currency translation reserve	Cash flow hedge reserve	Fair value through OCI	Employee benefits	Total equity attributable to equity holders of the parent	Non-controlling interests	Total equity
(€m)	Common Shares A									
Equity at January 1, 2019	**30,925,700.0**	**309.3**	**(128.7)**	**(7.9)**	**(124.0)**	**2.6**	**(30.1)**	**21.2**	**4.0**	**25.2**
Loss for the period		-	(438.8)	-	-	-	-	**(438.8)**	**(0.1)**	**(438.9)**
Other comprehensive (loss)/profit		-	-	(30.5)	29.4	(0.7)	(94.6)	**(96.4)**	**0.8**	**(95.6)**
Comprehensive profit/(loss)		**-**	**(438.8)**	**(30.5)**	**29.4**	**(0.7)**	**(94.6)**	**(535.2)**	**0.7**	**(534.5)**
Transactions with Altice shareholders		-	**1.7**	-	-	-	-	**1.7**	**-**	**1.7**
Transactions with non-controlling interests1		-	(19.0)	-	-	-	-	**(19.0)**	**(4.3)**	**(23.3)**
Dividends		-	-	-	-	-	-	**-**	**(12.2)**	**(12.2)**
Other		-	1.8	-	-	-	-	**1.8**	**(0.4)**	**1.4**
Equity at December 31, 2019	**30,925,700.0**	**309.3**	**(583.0)**	**(38.4)**	**(94.6)**	**1.9**	**(124.7)**	**(529.5)**	**(12.2)**	**(541.7)**

1 Transaction with non-controlling interests consisted mainly of impacts related to the change in the fair value of minority put options of Teads (please refer to note 19.1.1), and the impact from the sale of SIRESP (please refer to note 3.2.2).
2 Dividends related mainly to the dividend payments by subsidiaries Altice Technical Services, reducing NCI by €12.3 million, please refer to note 3.3.

The accompanying notes from pages 5 to 77 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows (€m)	**Note**	**Year ended December 31, 2020**	**Year ended December 31, 2019**
Profit/(loss) for the period		**417.8**	**(438.9)**
adjustments for:			
Share of (gain)/loss of associates and joint ventures	9	(3.2)	7.0
Depreciation, amortization and impairment	25	1,206.1	1,256.4
Expenses related to share-based payments	4.3.1	1.1	-
Loss/(gain) on disposal of consolidated entities		-	0.5
Gain on sale of interest in associates	4.3.2	(106.6)	-
Other non-cash operating loss, net[1]		64.2	353.5
Finance costs, net recognised in the statement of income	26	99.7	372.4
Income tax expense recognised in the statement of income	23.1	48.0	116.5
Changes in:			
Pension plan liability payments		(113.6)	(116.6)
Income tax paid		(55.9)	(160.8)
Changes in working capital[2]		(81.1)	(26.3)
Net cash provided by operating activities		**1,476.6**	**1,363.6**
Payments to acquire tangible and intangible assets	4.3.4	(830.3)	(804.2)
(Payments)/proceeds related to disposal or acquisition of financial assets		(1.5)	6.3
Payments related to disposal of business[3]		(8.0)	(0.1)
Proceeds from disposal of tangible and intangible assets		11.5	0.2
Proceeds/(payments) related to sale or acquisition of interests in associates	3.1.1, 9	211.0	(0.2)
Payments to acquire subsidiaries, net of cash[4]		(4.0)	-
Transfers from restricted cash		2.0	1.0
Dividend received		2.7	2.8
Proceeds from repayment of advances to group companies	10.1.2	647.2	-
Advances paid to group companies	10.1.2	(1,579.9)	(64.2)
Net cash used in investing activities		**(1,549.3)**	**(858.6)**
Proceeds from issuance of debt instruments	17.10	3,530.9	-
Payments to redeem debt instruments	17.10	(4,353.4)	(19.2)
Proceeds from the sale of minority stake	3.1.2	1,576.0	-
Payments made to suppliers through factoring arrangements		422.8	260.2
Payments made to factoring companies		(430.5)	(313.9)
Lease payment (principal) related to ROU	20	(78.6)	(87.0)
Lease payment (interest) related to ROU	20	(69.5)	(73.0)
Interest paid	26	(423.1)	(490.7)
Proceeds from the monetization of swaps	26	50.2	-
Proceeds from advances received from group companies		-	69.0
Repayment of advances received from group companies		(72.2)	-
Dividends paid to non-controlling interests		(9.5)	(12.1)
Other cash used by financing activities[5]		(96.1)	(27.6)
Net cash from/(used in) financing activities		**47.0**	**(694.3)**
Classification of cash as held for sale		-	(12.1)
Effects of exchange rate changes on the balance of cash held in foreign currencies		(15.8)	(0.4)
Net change in cash and cash equivalents		**(41.5)**	**(201.9)**
Cash and cash equivalents at beginning of the period		395.5	597.3
Cash and cash equivalents at end of the period		**354.0**	**395.5**

1. Other non-cash items include allowances and writebacks for provisions and gains and losses recorded on the disposal of tangible and intangible assets.
2. Changes in working capital relate to payments and receipts related to inventories, trade and other receivables and trade and other payables.
3. Payments related to the disposal of businesses largely relate to a purchase price adjustment for the sale of the international wholesale business to Tofane, which was closed on July 18, 2018.
4. Payment to acquire subsidiaries, net of cash, relates to the acquisition of a participation in MEO Energia by MEO in Portugal on August 19, 2020 for an amount of €4.0 million.
5. Other cash used in financing activities include an amount of €100.3 million of call premium related to the repayment of bonds resulting from the refinancing transactions which occurred during the twelve months ended December 31, 2020, €26.4 million of interest paid regarding the Mandatory Convertible Note with FastFiber, €18.0 million related to interest on factoring arrangements and €0.4 million related to other financing activities. These payments were partially offset by proceeds of €49.0 million related to the increase in the Mandatory Convertible Note due by FastFiber to non-controlling interest (please refer to 17.9.5).

The accompanying notes from pages 5 to 77 form an integral part of these consolidated financial statements.

1. About Altice International S.à r.l. and the Altice Group

Altice International S.à r.l. (the "Company") is a private limited liability company ("*société à responsabilitė limitėe*") incorporated in Luxembourg, headquartered at 5, rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg. The Company is the parent company of a consolidated group (the "Group").

The direct controlling shareholder of the Company is Altice Luxembourg S.A. ("Altice Luxembourg"), which holds 100% of the share capital of the Company, and was itself at the balance sheet date indirectly controlled by Altice Europe N.V. ("Altice Europe"), whose address was Oostdam 1, 3441 EM Woerden, The Netherlands. Altice Europe was the parent entity of the Altice Europe consolidated group (the "Altice Group"). The controlling shareholder of Altice Europe was Next Alt S.à r.l., which, directly and indirectly, held 77.58% of the share capital of Altice Europe as of December 31, 2020 and is controlled by Mr. Patrick Drahi. Please refer to note 32.2 for changes in the Altice Group structure after the balance sheet date.

The Altice Group is a convergent leader in telecoms, content, media, entertainment and advertising. The Altice Group delivers innovative, customer-centric products and solutions that connect and unlock the limitless potential of its over 30 million customers over fibre networks and mobile broadband. The Altice Group is also a provider of enterprise digital solutions to millions of business customers. The Altice Group innovates with technology, research and development and enables people to live out their passions by providing original content, high-quality and compelling TV shows, and international, national and local news channels. The Altice Group delivers live broadcast premium sports events and enables its customers to enjoy the most well-known media and entertainment.

1.1. Basis of presentation of the consolidated financial statements

The consolidated financial statements of the Group as of December 31, 2020 and for the year then ended (the "consolidated financial statements") were approved by the Board of Managers and authorized for issue on March 30, 2021.

The consolidated financial statements as of December 31, 2020 and for the year then ended are presented in millions of Euros, except as otherwise stated, and have been prepared in accordance with International Financial Reporting Standards as adopted in the European Union ("IFRS").

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company considers the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability (please refer to note 19).

Where the accounting treatment of a specific transaction is not addressed by any accounting standard and interpretation, the Board of Managers applies its judgment to define and apply accounting policies that provide information consistent with the general IFRS concepts: faithful representation and relevance.

1.2. Significant accounting judgments and estimates

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

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

These judgments and estimates relate principally to the provisions for legal claim, the post-employments benefits, revenue recognition, fair value of financial instruments, deferred taxes, impairment of goodwill, useful lives of intangible assets and property, plant and equipment, trade receivables, other receivables and right-of-use assets and lease liabilities. These estimates and assumptions are described in the note 2.27.

1.3. Application of new and revised International Financial Reporting Standards (IFRSs)

1.3.1. *Standards applicable for the reporting period*

The following standards have mandatory application for periods beginning on or after January 1, 2020 as described in note 2 to the consolidated financial statements:

- Amendments to IAS 1 and IAS 8 *Definition of Material*, effective on or after January 1, 2020;
- Amendments to IFRS 3 *Definition of a Business*, effective on or after January 1, 2020;
- Amendments to References to the Conceptual Framework in IFRS Standards, effective on or after January 1, 2020; and
- Amendments to IFRS 16 *Leases, Covid-19-Related Rent Concessions*, effective on or after June 1, 2020, with early application permitted.

The application of amendments to IAS 1 and IAS 8, IFRS 3 and to References of the Conceptual Framework in IFRS standards had no material impact on the amounts recognised and on the disclosures in these consolidated financial statements.

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

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

- Any reduction in lease payments affects only payments originally due on or before June 30, 2021;

- There is no substantive change to the other terms and conditions of the lease.

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

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

1.3.2. *Standards and interpretations not applicable as of reporting date*

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

- Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, effective date of the amendments has not yet been determined by the IASB;
- Amendments in Classification of Liabilities as Current or Non-Current (Amendments to IAS 1), effective on or after January 1, 2023;
- Annual Improvements to IFRS Standards 2018-2020, effective on or after January 1, 2022; and
- Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16), effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.

The Board of Managers 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.

1.4. COVID-19 pandemic

On March 11, 2020, the COVID-19 outbreak was declared by the World Health Organization (WHO) as a global pandemic, highlighting the health risks of the disease. In this context and following regulatory requirements published by governments over the last months in the countries in which the Group operates, the Group activated a response program in order to minimize the impact of the COVID-19 pandemic.

The COVID-19 pandemic had a limited impact on the consolidated financial statements of the Group as of December 31, 2020 and for the twelve-month periods then ended. The Group has been impacted by a decline in handsets sales (low margin activity) in the context of the closure of the shops in many countries where the Group operates, a decrease in roaming revenue and a decline in the advertising businesses (Teads). The impact has remained limited since the beginning of the crisis demonstrating the resilience of the Group’s telecom business in the countries where the Group operates. Although the situation continues to evolve, the Company expects that the COVID-19 pandemic will have limited effects on the Group’s operations and financial performance for future periods.

In countries where the Group operates, the Group did not benefit from specific programs that required the compliance with particular conditions.

The Group has taken this situation into account in its estimates, notably those related to the non-current and current assets valuation (including goodwill) (please refer to note 5.1).

Based on the above and information in note 31, the Group determined that the going concern assumption is still appropriate.

2. Significant accounting policies

2.1. Basis of consolidation

2.1.1. *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
- the 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 Company 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.

2.1.2. *Joint arrangements*

In accordance with IFRS 11 *Joint Arrangements*, arrangements subject to joint control are classified as either a joint venture or a joint operation. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Investment in which the Group is a joint operator recognises its shares in the assets, liabilities, revenues and expenses.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investment in which the Company is a joint venturer recognises its interest in the joint venture in accordance with the equity method.

2.1.3. *Associates*

Investments, over which the Company exercises significant influence, but not control, are accounted for under the equity method. Such investees are referred to as "associates" throughout these consolidated financial statements.

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

The interest income and expenses recorded in the consolidated financial statements of the Group on loans with associates have not been eliminated in the consolidated statement of income and therefore are still recorded in the consolidated financial statements.

2.2. Foreign currencies

The presentation currency of the consolidated financial statements is Euro. The functional currency, which is the currency that best reflects the economic environment in which the subsidiaries of the Group operate and conduct their transactions, is separately determined for the Group's subsidiaries and associates and is used to measure their financial position and operating results.

2.2.1. *Monetary transactions*

Transactions denominated in foreign currencies other than the functional currency of the subsidiary are translated at the exchange rate on the transaction date. At each balance sheet date, monetary assets and liabilities are translated at the closing rate and the resulting exchange differences are recognised in the consolidated statement of income.

2.2.2. *Translation of financial statements denominated in foreign currencies*

Assets and liabilities of foreign entities are translated into euros using exchange rates prevailing at the end of the reporting period. The consolidated statements of income and cash flow are translated using the average exchange rates for the period. Foreign exchange differences resulting from such translations are either recorded in shareholders' equity under "Currency translation reserve" (for the Group share) or under "Non-controlling interests" (for the share of non-controlling interests) as deemed appropriate.

The exchange rates of the main currencies were as follows:

Foreign exchange rates used	**Annual average rate**		**Rate at the reporting date**	
(€)	**2020**	**2019**	**Dec 31, 2020**	**Dec 31, 2019**
Dominican Pesos (DOP)	0.01546	0.01741	0.01405	0.0168
Israeli Shekel (ILS)	0.25489	0.25062	0.25441	0.25781
United States Dollar (USD)	0.87586	0.89327	0.81800	0.89055

2.3. Revenue recognition

Revenue from the Group's activities is mainly composed of television, broadband internet, fixed and mobile telephony subscription, installations fees invoiced to residential and business clients and advertising revenues.

Revenue comprises the expected 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, discounts and after eliminating intercompany sales within the Group.

In accordance with IFRS 15 *Revenue from Contracts with Customers*, the revenue recognition model includes five steps for analysing transactions so as to determine when to recognise revenue and at what amount:

(1) Identifying the contract with the customer.
(2) Identifying separate performance obligations in the contract.
(3) Determining the transaction price.
(4) Allocating the transaction price to separate performance obligations.
(5) Recognizing revenue when or as the performance obligations are satisfied.

For bundled packages, the Group accounts for individual products and services separately if they are distinct – i.e. if a product or service is separately identifiable from other items in the bundled package and if the product or service is distinct from other items in the bundle. 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 separately. This could lead 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 amortized over the enforceable period. Enforceable period has been determined for each agreement. 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).

2.3.1. *Revenues from the sale of equipment*

The Group recognises revenues when a customer takes possession of the device, which is the performance obligation. 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 instalments (credit agreement).

2.3.2. *Revenues on separable components of bundle packages*

Revenues from telephone packages are recorded as a sale with multiple components. Revenues from sales of handsets (mobile phones and other) are recorded upon activation of the line, net of discounts granted to the customer via the point of sale and the costs of activation.

When elements of these transactions cannot be identified or analysed separately from the main offer, they are considered as related elements and the associated revenues are recognised in full over the duration of the contract or the expected duration of the customer relationship.

2.3.3. *Revenue from service*

Revenues from subscriptions for basic cable services, digital television pay, Internet and telephony (fixed and mobile) are recognised in revenue on a straight-line basis over the subscription period; revenues from telephone calls are recognised in revenue when the service is rendered in accordance with the term of the contract.

The Group sells certain telephone subscriptions based on plans under which the call minutes for a given month can be carried over to the next month if they are not used. The minutes carried over are recorded as a liability based on the proportion of total telephone subscription revenues they represent. Revenues related to carried over minutes are recognized when the minutes are used or when they expire.

Revenues relative to incoming and outgoing calls and off-plan calls are recorded when the service is provided. Revenues generated by vouchers sold to distributors and by prepaid mobile cards are recorded each time use is made by the end customer, as from when the vouchers and cards are activated. Any unused portion is recorded in contract liabilities at the end of the reporting period. Revenues are in any case recognised upon the expiry date of the cards, or when the use of the vouchers is statistically unlikely.

Sales of services to subscribers managed by the Group on behalf of content providers (principally special numbers and SMS+) are recorded on a gross basis, or net of repayments to the content providers when the content providers are responsible for the content and determine the pricing applied to the subscriber. Please refer to note 2.3.8 for a consideration of when the Group acts as a principal or an agent.

The costs of access to the service or installation costs principally billed to operator and corporate clients in relation to DSL connection services, bandwidth services, and IP connectivity services, are recognised over the expected duration of the contractual relationship and the provision of the principal service.

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

Revenues linked to switched services are recognised each time traffic is routed. Revenues from bandwidth, IP connectivity, high-speed local access and telecommunications services are recorded as and when the services are delivered to the customers.

2.3.4. *Access to telecommunications infrastructures*

The Group provides its operator clients with access to its telecommunications infrastructures by means of different types of contracts: rental, hosting contracts or concessions of Indefeasible Rights of Use (‘‘IRU’’). The IRU contracts grant the use of an asset (ducting, fibre optic or bandwidth) for a specified period. The Group remains the owner of the asset. Proceeds generated by rental contracts, hosting contracts in Netcenters, and infrastructure IRUs are recognised over the duration of the corresponding contracts, except where these are defined as a finance lease, in which case the equipment is considered as having been sold on credit.

In the case of IRUs, and sometimes rentals or service agreements, the service is paid in advance in the first year. These prepayments, which are non-refundable, are recorded in deferred income within Contract liabilities caption (current and non-current) in the Statement of Financial Position and recognised over the expected term of the related agreements.

2.3.5. *Sales of infrastructure*

The Group builds infrastructure on behalf of certain clients. The average duration of the construction work is less than one year; therefore, revenues are recorded when ownership is transferred. A provision is recognised when any contracts are expected to prove onerous.

2.3.6. *Advertising revenues*

Advertising revenues are recognised when commercials are aired.

For revenue related to space to display video advertisements online sold either directly to clients or to advertising agencies (the clients), the Group generates revenue when a user clicks on the banner ad or views the advertisement. The Group prices the advertising campaigns on a cost per view ("CPV") model or a cost per mille ("CPM") model based on the number of views generated by users on each advertising campaign. Revenue is recognised when four basic criteria are met:

- persuasive evidence exists of an arrangement with the client reflecting the terms and conditions under which the services will be provided (insertion order, which are commonly based on specified CPVs and related campaign budgets);
- services have been provided or delivery has occurred. Income relating to services provided is recorded based on the stage of completion of the service. The stage of completion is assessed by reference to the work performed at the reporting date. For on-going service agreements, the stage of completion is prorated over time. In case of negative margin for a campaign, a provision for an onerous contract is booked;
- the fee is fixed or determinable; and
- collection is probable. Collectability is assessed based on a number of factors, including the creditworthiness of a client, the size and nature of a client's website and transaction history.

Amounts billed or collected in excess of revenue recognised are included as deferred revenue. An example of such deferred revenue would be arrangements whereby clients request or are required by the Group to pay in advance of delivery.

2.3.7. *Income from credit arrangements*

Revenues deriving from long-term credit arrangements (such as the sale of devices in instalments) are recorded at the present value of the future cash flows (against long-term receivables) and are discounted in accordance with market interest rates. The difference between the original amount of the credit and the present value, as aforesaid, is spread over the length of the credit period and recorded as interest income over the length of the credit period.

2.3.8. *Gross versus net revenue recognition*

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 it is transferred to a customer.

Indicators for acting as a principal include: (1) the Group is primarily responsible for fulfilling the promise to provide the specified good or service, (2) the Group has inventory risk in the specified good or service and (3) 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.

2.4. Finance costs, net

Finance costs, net primarily comprise:

- Interest charges and other expenses paid for financing operations recognised 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 relating to cash and cash equivalents;

- Gains/losses on extinguishment of financial liability; and
- Investment securities and investment securities pledged as collateral which are classified as trading securities and are stated at fair value with realized and unrealized holding gains and losses included in net financial result.

Please refer to the detailed accounting policies in notes 2.15, 2.19, 2.20 and 2.22.

2.5. Taxation

Taxes on income in the income statement include current taxes and deferred taxes. The tax expenses or income in respect of current taxes or deferred taxes are recognised in profit or loss unless they relate to items that are recorded directly in equity, in these cases the tax effect is reflected under the relevant equity item.

2.5.1. *Current tax*

The current tax liability is measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period as well as adjustments required in connection with the tax liability in respect of previous years.

2.5.2. *Deferred tax*

Deferred tax assets are recognised for all deductible temporary differences, tax loss carry-forwards and unused tax credits, insofar as it is probable that a taxable profit will be available, or when a current tax liability exists to make use of those deductible temporary differences, tax loss carry-forwards and unused tax credits, except where the deferred tax asset associated with the deductible temporary difference is generated by initial recognition of an asset or liability in a transaction which is not a business combination, and that, at the transaction date, does not impact earnings, nor income tax profit or loss.

Deferred tax assets and liabilities are measured at the expected tax rates for the year during which the asset will be realized or the liability settled, based on tax rates (and tax regulations) enacted or substantially enacted by the closing date. They are reviewed at the end of each year, in line with any changes in applicable tax rates.

The carrying value of deferred tax assets is reviewed at each closing date and revalued or reduced to the extent that it is more or less probable that a taxable profit will be available to allow the deferred tax asset to be utilized. When assessing the probability of a taxable profit being available, account is taken, primarily, of prior years' results, forecasted future results, non-recurring items unlikely to occur in the future and the tax strategy.

Taxable temporary differences arising from investments in subsidiaries, joint ventures and other associated entities, deferred tax liabilities are recorded except to the extent that both of the following conditions are satisfied: the parent, investor or venturer can control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future.

All deferred tax assets and liabilities are presented in the statement of financial position as non-current assets and non-current liabilities, respectively. Deferred taxes are offset if an enforceable legal right exists, which enables the offsetting of a current tax asset against a current tax liability and the deferred taxes relate to the same entity, which is chargeable to tax, and to the same tax authority.

2.5.3. *Uncertain tax positions*

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

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

2.6. Site dismantling and restoration

The Company has a contractual obligation to dismantle and restore the sites of its mobile and fixed network upon expiry of a lease, if the lease is not renewed. Considering this obligation, site restoration costs are capitalized based on:

- an average unit cost of restoring sites;
- assumptions concerning the lifespan of the dismantling asset; and
- a discount rate.

2.7. Goodwill and business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group from the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based payments* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in the applicable IFRS standard.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill.

Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date, in respect of:

- the identifiable assets acquired, liabilities assumed and any non-controlling interest in the acquiree;

- the consideration transferred for the acquiree (or the other amount used in measuring goodwill);

- in a business combination achieved in stages, the equity interest in the acquiree previously held by the acquirer; and

- the resulting goodwill or gain on a bargain purchase.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9 *Financial Instruments*, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Acquisition under common control

In the absence of specific guidance under IFRS for transactions between entities under common control, the Company considered and applied standards on business combination and transactions between entities under common control issued by the accounting standard-setting bodies in the United States (Accounting Standards Codification Topic 810-10-45-10 and Topic 810-10-55-1B Consolidation and SEC Regulation S-X Article 3A – *Consolidated and Combined Financial Statements*) and in the United Kingdom (FRS 6 *Acquisitions and mergers*) to prepare the consolidated financial statements.

Any existing balance on the share premium account of the new subsidiary undertaking should be brought in by being shown as a movement on Additional Paid in Capital. These movements should be shown in the reconciliation of movements in shareholders' equity.

2.8. Intangible assets

Intangible assets acquired separately are recorded at cost on initial recognition, with the addition of direct acquisition costs. Intangible assets acquired in a business combination are measured at fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and less any accumulated impairment losses. Intangible assets have either definite or indefinite useful lives.

Assets with definite useful lives are amortized over their useful lives and tested for signs that would indicate impairment in value. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least once a year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits that are expected to derive from the asset are treated as a change in an accounting estimate which is treated prospectively.

The useful lives of the intangible assets are as follows:	**Duration**
Software	3 years
Brands	5 to 15 years
Customer relations	4 to 17 years
Licences	over the period of licences
Indefeasible Right of use	3-30 years
Subscriber purchase costs	based on average duration of subscriptions
Franchises	finite and indefinite

Customer relations established in connection with business combinations that are finite lived are amortized in a manner that reflects the pattern in which the projected net cash inflows to the Company are expected to occur, such as the sum of the years' digits method, or when such pattern does not exist, using the straight-line basis over their respective estimated useful lives.

Franchise rights are periodically reviewed to determine if each franchise has a finite life or an indefinite life in accordance with goodwill and other intangible asset financial accounting standards. Accordingly, the Company believes its franchises qualify for indefinite life treatment and are not amortized but instead are tested for impairment annually or more frequently as warranted by events or changes in circumstances. Costs incurred in negotiating and renewing broadband franchises are amortized on a straight-line basis over the life of the renewal period.

Other intangible assets with indefinite useful lives are tested for impairment annually as well as where there is an indication that it may be impaired by comparing their carrying amount with their recoverable amount.

Operating licenses for telephony services are recorded based on the fixed amount paid upon acquisition of the license.

Investments made in the context of concessions or public service contracts, and linked to the rollout of the telecommunications network, are recorded in intangible assets in accordance with interpretation IFRIC 12 *Service Concession Arrangements*. The ‘‘intangible asset’’ model stipulated by this interpretation applies when the concession holder receives a right to bill users of the public service and the concession holder is essentially paid by the user. These intangible assets are amortized over the shorter of the estimated useful life of the categories of assets in question and the duration of the concession.

Intangible assets also comprise rights of use or access rights obtained. Amortization is generally calculated on a straight-line basis over the shorter of the contractual term and 30 years.

Research costs are expensed as incurred. Development costs are capitalised as intangible assets when the following can be demonstrated:

- the technical feasibility of the project and the availability of the adequate resources for the completion of the intangible assets;
- the ability of the asset to generate future economic benefit;
- the ability to measure reliably the expenditures attributable to the asset; and
- the feasibility and intention of the Group to complete the intangible asset and use or sell it.

Content rights

Exclusive sports broadcasting rights are recognised in the consolidated statement of financial position from the point at which the legally enforceable licence period begins. Rights for which the licence period has not started are disclosed as contractual commitments in note 29. Payments made to acquire broadcasting rights in advance of the legal right to broadcast the programmes are classified as prepayments in the caption "other financial assets" in the statement of financial position. Broadcasting rights are initially recognised at cost and are amortised from the point at which they are available for use, on a straight-line basis over the broadcasting period. The amortisation charge is recorded in the caption "depreciation and amortisation" in the consolidated statement of income. The costs of exclusive in-house content and external content are recognised as an intangible asset. The cost of the rights is recognised at the cost of production of the shows and is amortized based on the actual screenings. The amortisation charge is recorded in the caption "depreciation and amortisation" in the income statement.

2.9. Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.10. Property, plant and equipment

Property, plant and equipment are presented at cost with the addition of direct purchase costs less accumulated depreciation and accumulated losses on impairment and they do not include routine maintenance expenses. The cost includes spare parts and ancillary equipment that can only be used in connection with the plant and machinery.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

The estimated useful lives of property, plant and equipment were:	**Duration**
Buildings	5 to 50 years
Cables and mobile network	5 to 40 years
Converters and modems	3 to 5 years
Computers and ancillary equipment	2 to 8 years
Office furniture and equipment	3 to 15 years

Leasehold contracts are depreciated according to the straight-line method during the rental period.

Elements of a fixed asset item, having a cost that is significant in comparison to the overall cost of the item, are depreciated separately, using the components method. The depreciation is calculated in accordance with the straight-line method at annual rates that are sufficient to depreciate the assets over the length of their estimated useful lives.

The useful life, depreciation method and residual value of an asset are reviewed at least annually; any changes are accounted for prospectively as a change in accounting estimate.

2.11. Contract costs

The Group recognises 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 employees are considered as costs to obtain a contract and are recognised under the balance sheet caption “contract costs”.

Assets recognised 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 recognised in the statement of income, within caption “Depreciation, amortization and impairment”.

As a practical expedient, the Group recognises 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 recognised is one year or less.

2.12. Leasing

2.12.1. *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 depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, 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 recognised 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 impairment.

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 (including in substance 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 recognised as expenses 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 (please refer to note 2.27.2).

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

The Group has the option, under some of its leases, to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew (please refer to note 2.27.2). 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.

2.12.2. *The Group as 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 to 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 recognises 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 recognised on a straight-line basis over the lease term.

2.13. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period to get ready for their intended use or sale, are added to the cost of those assets, until the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.14. Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as a deduction of the related asset in the consolidated statement of financial position and amortized over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. The benefit of a government loan at a below-market interest rate is measured at the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

2.15. Financial assets

Trade receivables are initially recognised when they are originated. All other financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition. A trade receivable without a significant financing component is initially measured at the transaction price.

On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income (FVOCI) as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. The Group did not elect such a designation.

Debt financial assets are subsequently measured at FVTPL, amortised cost, or 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 classification and measurement of the Group's debt financial assets are, as follows:

- Debt instruments at amortised 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 balance sheet 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 FVTPL 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. Financial assets at FVTPL are stated at fair value, with any gains and losses arising on remeasurement recognised in the caption "Other Financial expense" or "Other Financial income" in the income statements.

Under IFRS 9, embedded derivatives are not separated from a host financial asset. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment of financial assets

Under IFRS 9, accounting for impairment losses for financial assets is based on an expected credit loss (ECL) approach. IFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVTPL. 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 an approximation to the asset's original effective interest rate.

For contract assets, 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 records provision for doubtful debt based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Call option granted to non-controlling interests

The call options are derivative financial instruments that are stated at fair value and subsequently re-measured to their fair value at balance sheet date, with any gains and losses arising on remeasurement recognised in the caption "Other Financial expense" or "Other Financial income" in the income statement.

2.16. Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories comprises costs of purchase and costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated selling costs. Cost of inventories is determined using the weighted average cost method. The Company periodically evaluates the condition and age of inventories and makes provisions for slow moving inventories accordingly.

2.17. Cash and cash equivalents

Cash consists of cash in banks and deposits. Cash equivalents are considered as highly liquid investments, including unrestricted short-term bank deposits with an original maturity of three months or less from the date of acquisition or with a maturity of more than three months, but which are redeemable on demand without penalty and which form part of the Group's cash management.

2.18. Restricted cash

Restricted cash can consist of balances dedicated to the repayment of the Company's liabilities to banking entities in accordance with the Company's credit agreement and therefore amounts that the Group cannot use at its discretion.

Restricted cash can also consist of cash held in escrow to finance certain acquisitions (in the period between the agreement to acquire and the actual closing of the acquisition and the transfer of shares and cash and other considerations). Restricted cash may also consist of guarantees provided by different Group companies to financial institutions related to financing or other activities. Restricted cash is not considered as a component of cash and cash equivalents since such balances are not held for the purposes of meeting short-term cash commitments.

2.19. Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered and are subsequently reassessed at their fair value.

The Company has entered various forward and interest rate swaps (cross currency and fixed/floating) to mitigate risks associated with making investments in currencies other than the functional currency of the underlying component.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered and are subsequently remeasured to their fair value at the end of each reporting period. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and of the counterparty. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

2.20. Hedge accounting

The Group continues to apply the requirement of IAS 39 relating to hedge accounting.

The Group may designate certain hedging instruments, (which may include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk), as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and is included in the line ‘other financial expense’.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

2.21. Classification as debt or equity

Debt and equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.21.1. *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by a Group entity are recognised at the value of the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

2.22. Financial liabilities

Debt securities issued are initially recognised when they are originated. All other financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its issue.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities at amortized cost:

2.22.1. *Financial liabilities at amortized cost*

These financial liabilities are measured at amortized cost calculated based on the effective interest rate method. The effective interest rate is the internal yield rate that exactly discounts future cash flows through 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.

2.22.2. *Financial liabilities measured at fair value through profit or loss (FVTPL)*

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as financial liabilities at FVTPL if they are acquired for sale in the near term. Gains or losses on liabilities held for trading are recognised in profit or loss.

Derivatives, including bifurcated embedded derivatives, are classified as financial liabilities at FVTPL unless they are designated as effective hedging instruments. In the event of a financial instrument that contains one or more embedded derivatives, the entire combined instrument may be designated as a financial liability at fair value through profit or loss only upon initial recognition.

The Group assesses whether embedded derivatives are required to be bifurcated from host contracts when the Group first becomes party to the contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

The fair value of financial instruments that are traded in an active market is determined by reference to quoted market prices at the close of business on the balance sheet date. For financial instruments for which there is no active market, fair value is determined using valuation techniques. Such techniques include evaluation based on transactions that have been executed recently under market terms, reference to the current market value of another instrument, which is substantially the same, discounted cash flow analysis or other valuation models.

2.22.3. *Liabilities related to put options granted to non-controlling interests*

The Group granted put options to third parties with non-controlling interests in certain consolidated subsidiaries. These options give the holders the right to sell part or all of their investment in these subsidiaries.

At inception, in accordance with IAS 32 *Financial Instruments: Presentation*, when non-controlling interests hold put options enabling them to sell their investment in the Group, a financial liability is recognised for an amount corresponding to the present value of liability assumed and the counterpart of the liability arising from these obligations is:

- the reclassification as debt of the carrying amount of the corresponding non-controlling interests;

- a reduction in the equity attributable to owners of the Company (other reserves attributable to equity holders of the parent) for the difference between the present value of the strike price of the options granted and the carrying amount of non-controlling interests.

In the absence of specific IFRS guidance, the accounting at the end of each reporting period is as follows, while the non-controlling interest put remains unexercised:

(1) recognition of the non-controlling interest, including an allocation of profit or loss, allocation of changes in other comprehensive income and dividends declared for the reporting period, as required by IFRS 10 *Consolidated Financial Statements* as mentioned in note 2.1.1;
(2) derecognition of the non-controlling interest as if it was acquired at that date;
(3) recognition of a financial liability at the present value of the amount payable on exercise of the NCI put in accordance with IFRS 9 *Financial Instruments: Recognition and Measurement*; and
(4) the difference between no (2) and (3) above is accounted for as an equity transaction.

If the NCI put is exercised, the same treatment is applied up to the date of exercise. The amount recognised as the financial liability at that date is extinguished by the payment of the exercise price.

If the NCI put expires unexercised, the position is unwound so that the non-controlling interest is recognised at the amount it would have been, as if the put option had never been granted (i.e. measured initially at the date of the business combination, and remeasured for subsequent allocations of profit or loss, other comprehensive income and changes in equity attributable to the non-controlling interest). The financial liability is derecognised, with a corresponding credit to the same component of equity.

The Group is closely monitoring the work of the IASB and the IFRIC, which could lead to a revision of the treatment of put options granted to non-controlling interests.

2.23. Provisions

A provision is recognised in the statement of financial position when the Group has a present obligation (legal or constructive) as the result of a past event and it is expected that the use of economic resources will be required to settle the obligation and it is possible to reliably estimate it. Where the impact is significant, the provision is measured by discounting the forecasted future cash flows, using a pre-tax interest rate that reflects the expectations of the market in respect of the time value of the money and the risks that are specific to the liability.

The following types of provisions are recorded in the consolidated financial statements:

2.23.1. *Litigations*

A provision regarding claim is recognised when the Group has a present legal commitment or an implicit commitment resulting from a past event; when it is more likely than not that the Group will be required to expand economic resources to clear the commitment, when it is possible to estimate it reliably. When the effect of time is significant, the provision is measured according to the present value.

2.23.2. *Onerous contracts*

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2.23.3. *Restructuring*

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the Group.

2.24. Liabilities for employment benefits

2.24.1. *Retirement benefit costs and termination benefits*

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement.

The Group presents the service cost and the net interest expense in profit or loss in the line item “Staff cost and employee benefit expenses” and “Other financial expenses” respectively. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group’s defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

2.24.2. *Short-term and other long-term employee benefits*

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

2.25. Share-based payments

2.25.1. *Share-based payment transactions of the Company*

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group’s estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is re-measured, with any changes in fair value recognised in profit or loss for the year.

2.25.2. *Share-based payment transactions of the acquiree in a business combination*

When the share-based payment awards held by the employees of an acquiree (acquiree awards) are replaced by the Group's share-based payment awards (replacement awards), both the acquiree awards and the replacement awards are measured in accordance with IFRS 2 *Share-based Payment* ("market-based measure") at the acquisition date. The portion of the replacement awards that is included in measuring the consideration transferred in a business combination equals the market-based measure of the acquiree awards multiplied by the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of the acquiree award. The excess of the market-based measure of the replacement awards over the market-based measure of the acquiree awards included in measuring the consideration transferred is recognised as remuneration cost for post-combination service.

However, when the acquiree awards expire because of a business combination and the Group replaces those awards when it does not have an obligation to do so, the replacement awards are measured at their market-based measure in accordance with IFRS 2 *Share-based Payment*. All market-based measures of the replacement awards are recognised as remuneration cost for post-combination service.

At the acquisition date, when the outstanding equity-settled share-based payment transactions held by the employees of an acquiree are not exchanged by the Group for its share-based payment transactions, the acquiree share-based payment transactions are measured at their market-based measure at the acquisition date. If the share-based payment transactions have vested by the acquisition date, they are included as part of the non-controlling interest in the acquiree. However, if the share-based payment transactions have not vested by the acquisition date, the market-based measure of the unvested share-based payment transactions is allocated to the non-controlling interest in the acquiree based on the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of the share-based payment transaction. The balance is recognised as remuneration cost for post-combination service.

2.26. Non-current assets held for sale and discontinued operations

Pursuant to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, assets and liabilities of affiliates that are held for sale are presented separately on the face of the statement of financial position. Depreciation of assets ceases from the date of classification in "Non-current assets held for sale". Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

A discontinued operation is a component of the Group for which cash flows are independent. It represents a major line of business or geographical area of operations which has been disposed of or is currently being held for sale. If the Group reports discontinuing operations, net income from discontinued operations is presented separately on the face of the statement of income. Therefore, the notes to the consolidated financial statements related to the statement of income only refer to continuing operations.

2.27. Critical accounting judgments and key sources of estimation uncertainty

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

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

2.27.1. *Critical accounting judgements*

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the Board of Managers of the Company has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

- Revenue recognition

Judgement and estimates are made for (i) the identification of the separable elements of a packaged offer and allocation based on the relative stand-alone selling prices of each element; (ii) the period of deferred revenues related to costs to access the service based on the type of product and the term of the contract; and (iii) presentation as net or gross revenues depending on whether the Group is acting as agent or principal.

2.27.2. *Key sources of estimation uncertainty*

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are discussed below.

- Litigations

In estimating the likelihood of outcome of claims filed against the Group and its investees and the estimated provision, the Group companies rely on the opinion of internal and/or external counsel. These estimates are based on the counsel’s best professional judgment, considering the stage of proceedings and historical precedents in respect of the different issues. Since the outcome of the claims will be determined via settlement or court’s decision, the results could differ from these estimates.

- Post-employment benefits

The liability in respect of post-employment defined benefit plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about, among others, discount rates, expected rates of return on assets, future salary increases and mortality rates. Due to the long-term nature of these plans, such estimates are subject to uncertainty.

- Fair value of financial instruments Level 1, Level 2 and Level 3

Fair value is determined by reference to the market price at the end of the period, when the data is available. For financial instruments for which there is no active market such as interest rate swaps (which the Company currently may use to hedge its interest rate risk), call options and put options granted to non-controlling interests fair value is estimated based on models that rely on observable market data or using various valuation techniques, such as discounted future cash flows.

- Deferred tax assets

Deferred tax assets relate primarily to tax loss carried forwards and to deductible temporary differences between reported amounts and the tax bases of assets and liabilities. The assets relating to the tax loss carried forwards are recognised if it is probable that the Group will generate future taxable profits against which these tax losses can be set off. Evaluation of the Group’s capacity to utilize tax loss carried forward relies on significant judgment. The Group analyses past events, and the positive and negative elements of certain economic factors that may affect its business in the foreseeable future to determine the probability of its future utilization of these tax losses carried forward.

- Intangible assets and Property, plant and equipment

Estimates of useful lives are based on the effective obsolescence of fixed assets and the use made of these assets.

- Impairment of intangible assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. If there is an indication that an asset may be impaired, the recoverable amount of the asset is determined. The recoverable amount of goodwill, intangible assets with an indefinite useful life and intangible assets that are not available for use on the reporting date, are measured at least on an annual basis, irrespective of whether any impairment indicators exist.

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash generating units to which goodwill has been allocated. The value in use calculation requires the Board of Managers to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

- Impairment of contract assets and trade receivables

For contract assets and trade 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.

- Determination of the right-of-use and lease liabilities

The right-of-use and the lease liabilities are determined based on the lease term and the discount rate.

- For the lease term, the Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.
- The discount rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

3. Scope of consolidation

A full list of subsidiaries is included in note 33.

3.1. Acquisitions and disposals in the current period

3.1.1. *Sale of a 25% equity stake in OMTEL*

On January 2, 2020, Altice Europe announced the sale of the 25% equity interest held by PT Portugal in Belmont Infra Holding S.A. ("Belmont"), that owns 100% of a tower company OMTEL, to Cellnex Telecom S.A.. Total cash proceeds amounted to €201.0 million. The total capital gain recorded for the year ended December 31, 2020 amounted to €101.0 million (please refer to note 4.3.2.2).

The sale by PT Portugal of its 25% equity interest in Belmont is part of a larger transaction pursuant to which Cellnex Telecom S.A. acquired 100% of the share capital of OMTEL. In September 2018, at the time of its sale of OMTEL to a consortium including Morgan Stanley Infrastructure Partners and Horizon Equity Partners, PT Portugal had reinvested €108.8 million for a 25% equity interest in OMTEL.

3.1.2. *Closing of the partnership with Morgan Stanley Infrastructure Partners and the sale of 49.99% interest in FastFiber (formerly known as Altice Portugal FTTH)*

On December 12, 2019, PT Portugal entered into an agreement with Morgan Stanley Infrastructure Partners regarding the sale of a 49.99% interest in the Portuguese fibre business to be carved-out into a dedicated wholesale vehicle, FastFiber (formerly known as Altice Portugal FTTH), comprising of the fibre passive infrastructure assets and rights, related contracts and underlying agreements, thereby creating a nationwide fibre wholesaler in Portugal. On April 17, 2020, the transaction was closed and the Group received €1,576.0 million of proceeds from this transaction, for the sale of 49.99% of the share capital of FastFiber (€773.3 million) and for the sale of 49.99% of the existing intercompany loan (€799.8 million), which was simultaneously converted into mandatory convertible notes (please refer to note 9.7.5). The proceeds from the transaction were partly used to further deleverage the Group's debt (please refer to note 9.2). Furthermore, the Group recorded a receivable representing the net present value of an earnout of €375 million due December 2021. A second earnout is due in December 2026 subject to some performance conditions and the Company did not take into consideration this second earnout in the valuation of the purchase price and thus the capital gain recognized at closing of the transaction. Following the closing of the transaction, PT Portugal continues to control and fully consolidate FastFiber. The transaction resulted in the recognition of a non-controlling interest of

€4.0 million (please refer to note 3.4) and a gain of €1,111.5 million in equity.

FastFiber sells wholesale services to all operators at the same financial terms. MEO sells technical services to FastFiber for the construction, the subscriber connection and the maintenance of its fibre network.

3.2. Acquisitions and disposals in the prior period

3.2.1. *Change in consolidation method in PHI*

In January 2019, HOT Mobile and Partner signed an amendment to the Network Sharing Agreement with respect to the governance of the company PHI, effective on January 1, 2019. Following this amendment, the parties have joint control over PHI (compared to significant influence before the amendment); accordingly, PHI is accounted under the provisions of IFRS 11 *Joint Arrangements* as joint operation (recognition of HOT Mobile's interests of 50% in PHI's assets, liabilities, revenues and expenses) instead of equity method.

3.2.2. *Sale of SIRESP by PT Portugal*

At the end of June 2019, PT Portugal entered into an agreement with the Portuguese State to transfer the ownership of its shares in SIRESP's share capital in December 2019. The transfer of ownership was completed on December 1, 2019. The capital gain recorded for the year ended December 31, 2019 amounted to €1.4 million. The proceeds received amounted to €6.0 million.

3.3. Other significant events

3.3.1. *Agreement on recommended all-cash offer for all common shares A and common shares B in the capital of Altice Europe by Next Private B.V*

On September 11, 2020, Altice Europe and Next Private B.V. (the "Offeror"), a direct subsidiary of Next Alt, jointly announced that a conditional agreement had been reached on a recommended public offer (the "Offer") to be made by the Offeror for all common shares A and common shares B in the capital of Altice Europe for €4.11 in cash per share (cum dividend). This represented a total consideration of approximately €2.5 billion. On November 24, 2020, the Offer was launched. On December 16, 2020, the offer price was increased to €5.35 in cash per share (cum dividend). Please refer to note 32.2 for developments subsequent to the balance sheet date.

3.4. Variations in non-controlling interests

The variations in non-controlling interests are presented in the table below:

Variations in non-controlling interests (€m)	**Altice Technical Services**	**Other**	**Group**
Opening balance at January 1, 2019	**(13.9)**	**17.9**	**4.0**
Loss for the period	(2.0)	1.9	**(0.1)**
Other comprehensive income	0.7	0.1	**0.8**
Sale of SIRESP	-	(3.6)	**(3.6)**
Dividends	(12.2)	-	**(12.2)**
Other	-	(1.2)	**(1.2)**
Closing at December 31, 2019	**(27.4)**	**15.1**	**(12.3)**
(Loss)/gain for the period	(3.4)	17.7	**14.3**
Other comprehensive income	(1.0)	(0.4)	**(1.4)**
Sale of Tnord and Sudtel to Portugal	3.4	(3.4)	**-**
FastFiber transaction	-	4.0	**4.0**
Teads NCI cancellation	-	(14.4)	**(14.4)**
Teads put option	-	(2.0)	**(2.0)**
Dividends	(6.4)	(3.1)	**(9.5)**
Other	-	1.2	**1.2**
Closing at December 31, 2020	**(34.8)**	**14.7**	**(20.1)**

The change in non-controlling interests ("NCI") as at December 31, 2020 was mainly due to:

- acquisition of the minority interest in Teads, reducing NCI by €14.4 million;
- gain for the period increasing NCI by €12.6 million; and
- dividends paid, mainly by subsidiaries of Altice Technical Services, reducing NCI by €8.5 million.

3.5. Assets held for sale

During 2018, PT Portugal classified real estate properties as held for sale with a book value of €15.9 million as at December 31, 2018, following the signature of promise of sale agreements entered with the entity Almost Future, S.A., for a total consideration of €17.7 million. As of December 31, 2019, the real estate deeds were not yet entered into, and the assets were not derecognised. The book value of the assets held for sale as at December 31, 2019 was €9.3 million.

On January 2, 2020, Altice Europe announced the sale of the 25% equity interest held by PT Portugal in Belmont, that owns 100% in a tower company OMTEL, to Cellnex Telecom S.A.. The total cash proceeds were received in the first quarter of 2020 and amounted to €201.0 million. Following this announcement, the investment in Belmont was classified as assets held for sale as of December 31, 2019. Please refer to notes 3.1.1 and 9.

Table below provides the details of assets and liabilities classified as held for sale as of December 31, 2020 and December 31, 2019:

Disposal groups held for sale (€m)	**December 31, 2020**	**December 31, 2019**
Tangible and intangible assets	-	9.3
Investment in associates	-	107.7
Currents assets	-	1.9
Total assets held for sale	**-**	**118.9**
Current liabilities	-	(0.2)
Total liabilities related to assets held for sale	**-**	**(0.2)**

4. Segment reporting

4.1. Definition of segments

Given the geographical spread of the entities within the Group, analysis by geographical area is fundamental in determining the Group’s strategy and managing its different businesses. The Group’s chief operating decision maker is the Board of Managers. The Board of Managers analyses the Group’s results across geographies, and certain key areas by activity. The presentation of the segments here is consistent with the reporting used internally by the Board of Managers to track the Group’s operational and financial performance. The businesses that the Group owns and operates do not show significant seasonality, except for the mobile residential and business services, which can show significant changes in sales at year end and at the end of the summer season (the “back to school” period). The business services are also impacted by the timing of preparation of the annual budgets of public and private sector companies. The accounting policies of the reportable segments are the same as the Group’s accounting policies.

The segments that are presented are detailed below:

- **Portugal**: The Group owns Portugal Telecom (“PT Portugal”), the largest telecom operator in Portugal. PT Portugal caters to fixed residential, mobile residential and business services clients using the MEO brand. This segment also includes the Altice Technical Services entities in Portugal.
- **Israel**: Fixed and mobile services are provided using the HOT telecom, HOT mobile and HOT net brands to residential and business services clients. HOT also produces award winning exclusive content that it distributes using its fixed network, as well as content application called Next and OTT services through Next Plus. This segment also includes the Altice Technical Services entity in Israel.
- **Dominican Republic**: The Group provides fixed residential, mobile residential and business services using the Altice brand. This segment also includes the Altice Technical Services entity in the Dominican Republic.
- **Teads**: Provides digital advertising solutions.
- **Others**: Corporate entities are reported under “Others”.

4.2. Financial Key Performance Indicators (“KPIs”)

The Board of Managers 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:

- Revenues: by segment and in terms of activity;
- Adjusted EBITDA: by segment;
- Capital expenditure (“Capex”): by segment; and
- Operating free cash flow (“OpFCF”): by segment.

4.2.1. *Revenues*

Additional information on the revenue split is presented as follows:
- Residential revenue
    - Fixed: revenues from fixed services to B2C customers;
    - Mobile: revenues from mobile services to B2C subscribers;
    - Equipment business to B2C subscribers;
- Business services: revenues from B2B customers, wholesale and other revenues; and
- Media: media revenues in Teads.

Intersegment revenues represented 0.1% of total revenues for the year ended December 31, 2020, compared to 0.2% of total revenues for the year ended December 31, 2019 (€4.2 million compared to €3.9 million).

4.2.2. *Non-Gaap measures*

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

4.2.2.1. *Adjusted EBITDA*

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

4.2.2.2. *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 Premises 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.

4.2.2.3. *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 Cashflows*.

4.3. Segment results

4.3.1. *Operating profit per segment*

For the year ended December 31, 2020 €m	Portugal	Israel	Dominican Republic	Teads	Others	Inter-segment elimination	Total
Revenues	**2,121.2**	**980.5**	**489.7**	**476.6**	**0.7**	**(4.2)**	**4,064.5**
Purchasing and subcontracting costs	(566.7)	(323.2)	(121.4)	-	-	2.3	**(1,009.0)**
Other operating expenses	(367.6)	(197.1)	(78.0)	(223.5)	(3.5)	1.2	**(868.5)**
Staff costs and employee benefit expenses	(281.2)	(74.2)	(29.6)	(92.1)	-	-	**(477.1)**
Total	**905.7**	**386.0**	**260.7**	**161.0**	**(2.8)**	**(0.6)**	**1,710.0**
Share-based expense	0.6	-	0.5	-	-	-	**1.1**
Rental expense operating lease[1]	(72.7)	(32.1)	(21.5)	(5.2)	-	-	**(131.5)**
Adjusted EBITDA	**833.6**	**353.9**	**239.7**	**155.8**	**(2.8)**	**(0.6)**	**1,579.5**
Depreciation, amortisation and impairment	(725.9)	(331.5)	(125.7)	(23.0)	-	-	**(1,206.1)**
Share-based expense	(0.6)	-	(0.5)	-	-	-	**(1.1)**
Other expenses and income	76.2	(13.3)	(0.9)	(3.9)	0.4	-	**58.5**
Rental expense operating lease[1]	72.7	32.1	21.5	5.2	-	-	**131.5**
Operating profit/(loss)	**256.0**	**41.2**	**134.1**	**134.1**	**(2.4)**	**(0.6)**	**562.3**

For the year ended December 31, 2019 €m	Portugal	Israel	Dominican Republic	Teads	Others	Inter-segment elimination	Total
Revenues	**2,110.2**	**961.8**	**560.7**	**453.0**	**1.7**	**(3.9)**	**4,083.5**
Purchasing and subcontracting costs	(562.0)	(298.9)	(141.3)	-	(0.5)	2.2	**(1,000.5)**
Other operating expenses	(379.1)	(198.1)	(86.4)	(266.2)	(4.5)	1.3	**(933.0)**
Staff costs and employee benefit expenses	(265.2)	(71.1)	(32.3)	(100.3)	(0.5)	-	**(469.5)**
Total	**903.9**	**393.7**	**300.7**	**86.5**	**(3.8)**	**(0.4)**	**1,680.5**
Share-based expense	-	0.1	-	-	-	-	**0.1**
Rental expense operating lease[1]	(71.7)	(34.5)	(22.6)	(4.0)	-	-	**(132.8)**
Adjusted EBITDA	**832.2**	**359.3**	**278.1**	**82.5**	**(3.8)**	**(0.4)**	**1,547.8**
Depreciation, amortisation and impairment	(735.3)	(368.2)	(132.0)	(20.9)	-	-	**(1,256.4)**
Share-based expense	-	(0.1)	-	-	-	-	**(0.1)**
Other expenses and income	(334.6)	(14.4)	(3.1)	(9.6)	(5.4)	(0.1)	**(367.1)**
Rental expense operating lease[1]	71.7	34.5	22.6	4.0	-	-	**132.8**
Operating profit/(loss)	**(166.0)**	**11.1**	**165.6**	**56.0**	**(9.2)**	**(0.5)**	**57.0**

1 This line corresponds to the operating lease expenses which impacts are included in Adjusted EBITDA following the definition stated in note 4.2.2.1.

4.3.2. *Other expenses and (income)*

Other expenses and income mainly relate to ongoing and announced restructuring and other expenses (for example gains and losses on disposal of assets, deal fees on acquisitions of entities and provisions for litigation). Details of these items for the years ended December 31, 2020 and 2019 are provided below:

Other expenses and (income) (€m)	For the year ended December 31, 2020	For the year ended December 31, 2019
Restructuring costs	7.0	292.8
Disputes and litigation	14.3	26.9
Net gain on sale of interest in associates	(106.6)	-
Other, net	26.8	47.4
Other expenses and (income)	**(58.5)**	**367.1**

4.3.2.1. *Restructuring costs*

For the year ended December 31, 2020 restructuring costs related to termination payments in connection with the voluntary employee reduction program in PT Portugal.

For the year ended December 31, 2019, restructuring costs mainly related to restructuring plans in PT Portugal for which a €292.5 million fully tax deductible expense was recorded in connection with the voluntary employee reduction program undertaken in 2019, covering approximately 850 employees (mainly in support functions) in order to improve operational flexibility of PT Portugal.

4.3.2.2. *Net gain on sale of interest in associates*

For the year ended December 31, 2020, this mainly related to the capital gain of €101.0 million from the sale of Portugal's 25% equity stake in Belmont (please refer to note 3.1.1).

4.3.3. *Revenue by activity*

There are no major individual customers. The tables below provide the split of revenues by activity as defined in note 4.2.1.

For the year ended December 31, 2020 €m	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Others**	**Total**
Fixed	622.2	573.1	92.8	-	-	**1,288.1**
Mobile	466.2	212.7	273.1	-	-	**952.0**
Residential service	1,088.4	785.8	365.9	-	-	**2,240.1**
Residential equipment	107.7	64.7	38.7	-	-	**211.1**
Total Residential	1,196.1	850.5	404.6	-	-	**2,451.2**
Business services	925.1	130.0	85.1	-	0.7	**1,140.9**
Media	-	-	-	476.6	-	**476.6**
Total standalone revenues	**2,121.2**	**980.5**	**489.7**	**476.6**	**0.7**	**4,068.7**
Intersegment elimination	(3.3)	-	-	(0.9)	-	**(4.2)**
Total consolidated	**2,117.9**	**980.5**	**489.7**	**475.7**	**0.7**	**4,064.5**

For the year ended December 31, 2019 €m	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Others**	**Total**
Fixed	613.1	562.7	102.9	-	-	**1,278.7**
Mobile	468.9	200.2	306.0	-	-	**975.1**
Residential service	1,082.0	762.9	408.9	-	-	**2,253.8**
Residential equipment	108.9	70.0	48.2	-	-	**227.1**
Total Residential	1,190.9	832.9	457.1	-	-	**2,480.9**
Business services	919.3	128.9	103.6	-	1.7	**1,153.5**
Media	-	-	-	453.0	-	**453.0**
Total standalone revenues	**2,110.2**	**961.8**	**560.7**	**453.0**	**1.7**	**4,087.4**
Intersegment elimination	(2.9)	-	-	(1.0)	-	**(3.9)**
Total consolidated	**2,107.3**	**961.8**	**560.7**	**452.0**	**1.7**	**4,083.5**

The table below provides the standalone and consolidated revenues in accordance to IFRS 15 *Revenue from Contracts with Customers* for the years ended December 31, 2020 and 2019.

Revenues split IFRS 15 (€m)	**For the year ended December 31, 2020**	**For the year ended December 31, 2019**
Fixed residential	1,288.1	1,278.6
Mobile residential	952.0	975.1
Business services	1,041.6	1,074.6
Total telecom excluding equipment sales	**3,281.7**	**3,328.3**
Equipment sales	310.4	306.1
Media	476.6	453.0
Total standalone revenues	**4,068.7**	**4,087.4**
Intersegment elimination	(4.2)	(3.9)
Total consolidated	**4,064.5**	**4,083.5**

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

Maturity of revenues (€m)	**2020**	**2021**	**2022**	**Beyond 2023**	**Total**
Total	**845.5**	**337.3**	**2.2**	**1.2**	**1,186.3**

4.3.4. *Capital expenditure*

Capital expenditure is a key performance indicator tracked by the Group. The schedule below details the capital expenditure by segment and reconciles it to the payments to acquire capital items (tangible and intangible assets) as presented in the statement of cash flows.

For the year ended December 31, 2020 €m	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Others**	**Eliminations**	**Total**
Capital expenditure - accrued	465.7	267.3	100.6	6.9	-	(0.6)	**839.9**
Capital expenditure - working capital items	12.4	(14.9)	(7.8)	(2.5)	2.5	0.7	**(9.6)**
Payments to acquire tangible and intangible assets	**478.1**	**252.4**	**92.8**	**4.4**	**2.5**	**0.1**	**830.3**

For the year ended December 31, 2019 €m	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Others**	**Eliminations**	**Total**
Capital expenditure - accrued	435.6	245.1	114.5	7.5	-	(0.5)	**802.2**
Capital expenditure - working capital items	(5.8)	6.3	1.4	-	-	-	**1.9**
Payments to acquire tangible and intangible assets	**429.9**	**251.4**	**115.9**	**7.5**	**-**	**(0.5)**	**804.2**

4.3.5. *Adjusted EBITDA less accrued Capex (Non-GAAP measures)*

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.

For the year ended December 31, 2020 €m	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Others**	**Eliminations**	**Total**
Adjusted EBITDA	833.6	353.9	239.7	155.8	(2.8)	(0.6)	**1,579.5**
Capital expenditure - accrued	(465.7)	(267.3)	(100.6)	(6.9)	-	0.6	**(839.9)**
Operating free cash flow (OpFCF)	**367.9**	**86.6**	**139.1**	**148.9**	**(2.8)**	**-**	**739.6**

For the year ended December 31, 2019 €m	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Others**	**Eliminations**	**Total**
Adjusted EBITDA	832.1	359.2	278.2	82.5	(3.8)	(0.4)	**1,547.8**
Capital expenditure - accrued	(435.6)	(245.1)	(114.5)	(7.5)	-	0.5	**(802.2)**
Operating free cash flow (OpFCF)	**396.5**	**114.1**	**163.7**	**75.0**	**(3.8)**	**0.1**	**745.6**

5. Goodwill

Goodwill recorded in the consolidated statement of financial position was allocated to the different groups of cash generating units ("GCGU" or "CGU" for cash generating units) as defined by the Group.

Goodwill (€m)	January 1, 2020	Recognised on business combination	Changes in foreign currency translation	Held for sale	Other	December 31, 2020
Portugal	1,727.4	-	-	-	4.7	1,732.1
Israel	800.0	-	(10.1)	-	-	789.9
Dominican Republic	673.4	-	(105.4)	-	(0.1)	567.8
Others	204.9	-	-	-	-	204.9
Gross value	**3,405.7**	**-**	**(115.5)**	**-**	**4.6**	**3,294.7**
Portugal	-	-	-	-	-	-
Israel	(157.7)	-	2.1	-	-	(155.6)
Dominican Republic	-	-	-	-	-	-
Others[1]	-	-	-	-	-	-
Cumulative impairment	**(157.7)**	**-**	**2.1**	**-**	**-**	**(155.6)**
Portugal	1,727.4	-	-	-	4.7	1,732.1
Israel	642.3	-	(8.0)	-	-	634.3
Dominican Republic	673.4	-	(105.4)	-	(0.1)	567.8
Others	204.9	-	-	-	-	204.9
Net book value	**3,248.0**	**-**	**(113.4)**	**-**	**4.6**	**3,139.1**

Goodwill (€m)	January 1, 2019	Recognised on business combination	Changes in foreign currency translation	Held for sale	Other[1]	December 31, 2019
Portugal	1,727.4	-	-	-	-	1,727.4
Israel	726.9	-	73.1	-	-	800.0
Dominican Republic	694.4	-	(21.0)	-	-	673.4
Others	201.7	-	-	-	3.2	204.9
Gross value	**3,350.3**	**-**	**52.1**	**-**	**3.2**	**3,405.7**
Portugal	-	-	-	-	-	-
Israel	(142.6)	-	(15.1)	-	-	(157.7)
Dominican Republic	-	-	-	-	-	-
Others	-	-	-	-	-	-
Cumulative impairment	**(142.6)**	**-**	**(15.1)**	**-**	**-**	**(157.7)**
Portugal	1,727.4	-	-	-	-	1,727.4
Israel	584.3	-	58.1	-	-	642.3
Dominican Republic	694.4	-	(21.0)	-	-	673.4
Others	201.7	-	-	-	3.2	204.9
Net book value	**3,207.7**	**-**	**37.0**	**-**	**3.2**	**3,248.0**

1 The increase in goodwill of Teads of €3.2 million as of December 31, 2019 related to the acquisition of Buzzeff by Teads on the first quarter of 2019.

5.1. Impairment of goodwill

The Group has identified its GCGUs based on the geographies that it operates in. For more details on the GCGUs, please refer to notes 2.7 and 2.9.

Goodwill is tested at the level of each GCGU or CGU annually for impairment and whenever changes in circumstances indicate that its carrying amount may not be recoverable. Goodwill was tested at the CGU/GCGU level for impairment as of December 31, 2020. The CGU/GCGU is at the country level where the subsidiaries operate. The recoverable amounts of the GCGUs are determined based on their value in use. The Group determined value in use for purposes of its impairment testing and, accordingly, did not determine the fair value less cost of disposal of the GCGUs. The key assumptions for the value in use calculations are primarily the pre-tax discount rates, the terminal growth rate, revenue, Adjusted EBITDA and capital expenditures. Following the application of IFRS 16 *Leases*, Adjusted EBITDA is defined as operating income before depreciation and amortization, other expenses and incomes (capital gains, non-recurring litigation, restructuring costs) and share-based expenses and after operating lease expenses (i.e., straight-line recognition of the rent expense over the lease term as performed under IAS 17 *Leases* for operating lease).

The Board of Managers and the Group's senior executives have determined that there have not been any changes in circumstances indicating that the carrying amount of goodwill may not be recoverable. In addition, there were no significant changes in assets or liabilities in any CGU/GCGU, while the recoverable amounts continue to significantly exceed the carrying amounts. Therefore, based on the annual impairment test performed as at December 31, 2020, no impairment of goodwill was recorded.

5.1.1. *Key assumptions used in impairment testing*

The Group has made use of various external indicators and internal reporting tools to assess and estimate the key assumptions used in the Group's impairment testing for the year ended December 31, 2020.

5.1.1.1. *Cash flows*

The value in use of each GCGU was determined by estimating cash flows for a period of five years for the operating activities. Cash flow forecasts are derived from the most recent business plans approved by the Board of Managers. Beyond the specifically forecasted period of five years, the Company extrapolates cash flows for the remaining years based on an estimated constant growth rate between 1.0% - 4.0%. The growth rate is estimated at an individual GCGU level and does not exceed the average long-term growth rate for the relevant markets.

5.1.1.2. *Discount rates*

Discount rates have been estimated using pre-tax rates, which reflect current market rates for investments of similar risk. The discount rate for the GCGUs was estimated using the weighted average cost of capital ("WACC") of companies that operate a portfolio of assets similar to the Group's. The pre-tax discount rate used across the Group for the calculation of the value in use at December 31, 2020 ranges from 7.9% to 14.4%.

5.1.1.3. *Other internal assumptions*

The Groups makes assumptions of customer churn rates and operating income, or Adjusted EBITDA (and the Adjusted EBITDA margin). These assumptions were based on historical experience and expectations of future changes in the market. The Group also assumes that recurring capex is expected to be proportional to sales, related to the acquisition of new clients, and thus is indexed to the growth in revenues.

5.1.1.4. *Assumptions about external factors*

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

- Indicators of market slowdown in a country of operation,
- Indicators of degradation in financial markets, that can impact the financing ability of the Group.

Key assumptions used in estimating value in use	**Portugal**	**Israel**	**Dominican Republic**	**Teads**
At December 31, 2020				
Average terminal growth rate (%)	1.5%	1.0%	4.0%	1.3%
5-year average Adjusted EBITDA ratio (%)	36.8%	37.1%	50.0%	31.9%
5-year average Capex ratio (%)	22.3%	25.2%	17.8%	1.5%
Pre-tax discount rate (%)	7.9%	8.8%	14.4%	13.7%
Post-tax discount rate (WACC) (%)	6.0%	7.0%	11.5%	10.5%
At December 31, 2019				
Average terminal growth rate (%)	1.5%	0.5%	4.3%	1.5%
5-year average Adjusted EBITDA ratio (%)	38.1%	36.0%	50.4%	20.1%
5-year average Capex ratio (%)	20.2%	24.5%	18.1%	1.1%
Pre-tax discount rate (%)	8.0%	8.8%	14.3%	12.8%
Post-tax discount rate (WACC) (%)	6.0%	7.0%	11.5%	10.0%

5.1.2. *Sensitivity analysis*

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

Sensitivity to changes in key inputs in the value in use calculation (€m)	**Portugal**	**Israel**	**Dominican Republic**	**Teads**
Amount by which the CGU exceeds the book value	2,388.5	451.0	622.0	2,365.0
Terminal growth rate for which recoverable amount is equal to carrying amount	(1.2)%	(1.5)%	(3.5)%	nm
Post-tax discount rate (WACC) for which recoverable amount is equal to carrying amount	8.1%	9.1%	16.7%	67.1%
Adjusted EBITDA ratio for which recoverable amount is equal to carrying amount	30.4%	33.9%	36.8%	12.9%
0.5% increase in the post-tax discount rate (WACC)	(761.7)	(134.2)	(95.3)	(149.3)
1.0% decrease in the terminal growth rate	(1,146.2)	(221.0)	(146.3)	(205.6)

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

5.2. Business combinations

The Group has not concluded any material acquisition during the past 12 months. When the Group acquires an entity, it records the provisional value of the assets and liabilities as being equivalent to the book values in the accounting records of the entity being acquired. The Group then identifies the assets and liabilities to which the purchase price needs to be allocated. The fair value is determined by an independent external appraiser based on a business plan prepared as of the date of the acquisition.

6. Intangible assets and right-of-use assets

6.1. Intangible assets

Intangible assets January 1, 2020 (€m)	**January 1, 2020**	**Additions**	**Disposals**	**Business Combinations**	**Changes in foreign currency**	**Other**	**December 31, 2020**
Software	346.9	37.3	-	-	(19.2)	0.6	365.6
Brand name	297.7	-	-	-	(2.1)	-	295.6
Customer relations	1,639.6	-	-	-	(23.4)	(2.0)	1,614.2
Licenses and franchises	206.1	1.2	-	-	(25.0)	(0.2)	182.1
R&D costs acquisitions	33.3	5.4	-	-	(0.3)	11.4	49.8
Subscriber acquisition costs	-	-	-	-	-	-	-
Intangible assets under construction	15.6	15.5	-	-	-	(11.9)	19.2
IRU & other concessions	-	-	-	-	-	-	-
Content rights	320.8	33.1	-	-	(4.8)	2.6	351.7
Other intangible assets[1]	454.2	4.1	-	-	(10.0)	11.8	460.1
Gross value	**3,314.3**	**96.6**	**-**	**-**	**(84.8)**	**12.3**	**3,338.4**
Software	(300.3)	(37.5)	-	-	16.8	-	(321.0)
Brand name	(237.6)	(21.4)	-	-	2.0	-	(257.0)
Customer relations	(1,032.2)	(175.0)	-	-	22.3	0.8	(1,184.1)
Licenses and franchises	(73.9)	(13.3)	-	-	12.0	-	(75.2)
R&D costs acquisitions	(22.2)	(14.0)	-	-	0.2	-	(36.0)
Subscriber acquisition costs	-	-	-	-	-	-	-
Intangible assets under construction	-	-	-	-	-	-	-
IRU & other concessions	-	-	-	-	-	-	-
Content rights	(246.7)	(38.9)	-	-	3.7	(2.9)	(284.8)
Other intangible assets	36.9	(64.1)	-	-	6.7	(0.1)	(20.6)
Cumulative amortization and impairments	**(1,876.0)**	**(364.2)**	**-**	**-**	**63.7**	**(2.2)**	**(2,178.7)**
Software	46.7	(0.1)	-	-	(2.4)	0.6	44.8
Brand name	60.1	(21.4)	-	-	(0.1)	-	38.6
Customer relations	607.4	(175.0)	-	-	(1.0)	(1.2)	430.2
Licenses and franchises	132.2	(12.1)	-	-	(13.0)	(0.2)	106.9
R&D costs acquisitions	11.1	(8.6)	-	-	(0.1)	11.4	13.8
Subscriber acquisition costs	-	-	-	-	-	-	-
Intangible assets under construction	15.6	15.5	-	-	-	(11.9)	19.2
IRU & other concessions	-	-	-	-	-	-	-
Content rights	74.1	(5.8)	-	-	(1.1)	(0.4)	66.8
Other intangible assets	491.1	(59.9)	-	-	(3.3)	11.7	439.6
Net book value	**1,438.3**	**(267.4)**	**-**	**-**	**(21.0)**	**10.0**	**1,159.9**

1 Other intangible assets mainly relates to Portugal 3G and 4G licences.

Intangible assets January 1, 2019 (€m)	**January 1, 2019**	**Additions**	**Disposals**	**Business Combinations**	**Changes in foreign currency**	**Other**	**December 31, 2019**
Software	290.0	32.0	(0.1)	0.4	22.5	2.1	346.9
Brand name	294.5	-	-	-	3.2	-	297.7
Customer relations	1,607.7	-	-	0.9	30.9	-	1,639.6
Licenses and franchises	208.4	0.3	-	-	(2.5)	(0.1)	206.1
R&D costs acquisitions	20.2	1.7	-	-	-	11.3	33.3
Subscriber acquisition costs	-	-	-	-	-	-	-
Intangible assets under construction	13.2	15.1	-	-	-	(12.7)	15.6
IRU & other concessions	-	-	-	-	-	-	-
Content rights	258.7	35.0	-	-	27.9	(0.8)	320.8
Other intangible assets	480.0	2.9	(0.3)	-	17.9	(46.4)	454.2
Gross value	**3,172.8**	**87.0**	**(0.4)**	**1.4**	**99.9**	**(46.4)**	**3,314.3**
Software	(244.9)	(35.3)	0.1	(0.4)	(19.7)	(0.1)	(300.3)
Brand name	(187.9)	(47.3)	-	-	(2.5)	0.1	(237.6)
Customer relations	(833.5)	(176.4)	-	-	(22.2)	(0.1)	(1,032.2)
Licenses and franchises	(60.5)	(14.3)	-	-	0.9	-	(73.9)
R&D costs acquisitions	(10.5)	(11.7)	-	-	-	-	(22.2)
Subscriber acquisition costs	-	-	-	-	-	-	-
Intangible assets under construction	-	-	-	-	-	-	-
IRU & other concessions	-	-	-	-	-	-	-
Content rights	(182.5)	(44.0)	-	-	(20.3)	-	(246.7)
Other intangible assets	103.8	(64.7)	0.2	-	(9.3)	7.0	36.9
Cumulative amortization and impairments	**(1,415.9)**	**(393.7)**	**0.2**	**(0.4)**	**(73.2)**	**7.0**	**(1,876.0)**
Software	45.1	(3.3)	-	0.0	2.7	2.1	46.7
Brand name	106.6	(47.3)	-	-	0.7	0.1	60.1
Customer relations	774.3	(176.4)	-	0.9	8.7	(0.1)	607.4
Licenses and franchises	147.8	(14.0)	-	-	(1.6)	(0.1)	132.2
R&D costs acquisitions	9.8	(10.0)	-	-	-	11.3	11.1
Subscriber acquisition costs	-	-	-	-	-	-	-
Intangible assets under construction	13.2	15.1	-	-	-	(12.7)	15.6
IRU & other concessions	-	-	-	-	-	-	-
Content rights	76.3	(9.0)	-	-	7.6	(0.8)	74.1
Other intangible assets	583.8	(61.8)	(0.1)	-	8.6	(39.3)	491.1
Net book value	**1,756.9**	**(306.7)**	**(0.1)**	**0.9**	**26.7**	**(39.5)**	**1,438.3**

The decrease in net book value of intangible assets compared to 2019 was caused mainly by amortization of customer relations. The total amortization expense for the years ended December 31, 2020 and 2019 was €364.2 million and €393.7 million, respectively, please refer to note 25.

The majority of intangible assets are related to the recognition of intangible assets on acquisition of business combinations as a reduction in the value of attributable goodwill. The key items include:

- Customer relations: these assets are valued using the excess earnings method upon acquisition and subsequently amortized based on the local churn rate. The carrying amount of customer relations by segment was: (i) Portugal: €384.5 million (2019: €533.4 million), (ii) Israel: €44.8 million (2019: €72.3 million) , (iii) Teads: €0.4 million, and (iv) the Dominican Republic: €0.4 million.
- Brand name: the carrying amounts of the Group's main brand names includes: (i) MEO in Portugal: €26.1 million, (ii) HOT in Israel: €4.5 million, and (iii) Teads: €8.0 million.
- Content rights: corresponds mainly to content right in Israel as HOT co-develops and co-owns high-quality original local content together with local producers and broadcasts it on HOT proprietary channels. The content rights were capitalized in accordance with IAS 38 *Intangible Assets* and are amortized over their respective useful lives. When useful lives extend beyond one year, the nominal cash flows are discounted to their present value on initial recognition of the asset. The amortization related to content rights recorded for local production and fiction in Israel for the year ended December 31, 2020 was €38.9 million (average useful life is 3 years).

6.2. Right-of-use assets

Right-of-use assets December 31, 2020 (€m)	January 1, 2020	Additions	Business combinations	Contract modifications and terminations	Changes in foreign currency	Other	December 31, 2020
Lands and buildings	686.9	41.7	-	(10.4)	(5.0)	(0.5)	712.7
Technical installations	311.5	22.3	-	(5.4)	(22.6)	-	305.8
Other	31.0	3.3	-	(16.5)	(0.5)	-	17.3
Gross carrying value	**1,029.4**	**67.3**	**-**	**(32.3)**	**(28.1)**	**(0.5)**	**1,035.8**
Lands and buildings	(54.4)	(58.3)	-	4.6	1.6	0.2	(106.3)
Technical installations	(88.1)	(29.1)	-	1.8	3.6	(4.7)	(116.5)
Other	(15.6)	(10.8)	-	15.4	0.3	0.2	(10.5)
Accumulated amortisation and impairment	**(158.2)**	**(98.2)**	**-**	**21.8**	**5.5**	**(4.3)**	**(233.4)**
Lands and buildings	632.5	(16.6)	-	(5.7)	(3.5)	(0.3)	606.4
Technical installations	223.4	(6.8)	-	(3.7)	(19.0)	(4.7)	189.2
Other	15.3	(7.5)	-	(1.1)	(0.2)	0.2	6.7
Net carrying amount	**871.3**	**(30.9)**	**-**	**(10.5)**	**(22.7)**	**(4.8)**	**802.4**

Right-of-use assets December 31, 2019 (€m)	January 1, 2019	Additions	Business combinations	Contract modifications and terminations	Changes in foreign currency	Other	December 31, 2019
Lands and buildings	653.6	33.7	0.2	(3.6)	3.0	-	686.9
Technical installations	280.0	28.8	-	(10.2)	12.9	-	311.5
Other	27.2	13.4	-	(10.3)	1.1	(0.4)	31.0
Gross carrying value	**960.8**	**75.9**	**0.2**	**(24.1)**	**17.1**	**(0.4)**	**1,029.4**
Lands and buildings	-	(56.7)	(0.1)	2.4	-	-	(54.4)
Technical installations	(54.7)	(31.5)	-	3.5	(5.4)	-	(88.1)
Other	(9.4)	(11.4)	-	5.3	(0.1)	-	(15.6)
Accumulated amortisation and impairment	**(64.1)**	**(99.6)**	**(0.1)**	**11.2**	**(5.6)**	**-**	**(158.2)**
Lands and buildings	653.6	(23.0)	0.1	(1.2)	3.0	-	632.5
Technical installations	225.3	(2.7)	-	(6.7)	7.5	-	223.4
Other	17.8	2.0	-	(5.0)	1.0	(0.4)	15.3
Net carrying amount	**896.7**	**(23.7)**	**0.1**	**(12.9)**	**11.5**	**(0.4)**	**871.3**

7. Property, plant and equipment

Property, plant and equipment December 31, 2020 (€m)	January 1, 2020	Additions	Disposals	Business Combinations	Changes in foreign currency	Held for sale	Other	December 31, 2020
Land	182.9	0.2	(2.9)	-	(2.9)	-	1.1	178.4
Buildings	369.1	13.2	(24.0)	-	(11.5)	-	14.8	361.6
Technical and other equipment	5,820.9	554.0	(132.1)	0.7	(230.0)	-	(17.3)	5,996.2
Assets under construction	80.6	46.7	-	-	-	-	7.0	134.3
Gross value	**6,453.6**	**614.1**	**(159.0)**	**0.7**	**(244.4)**	**-**	**5.6**	**6,670.6**
Land	-	-	-	-	-	-	-	-
Buildings	(0.8)	(31.7)	16.7	-	8.6	-	(6.3)	(13.5)
Technical and other equipment	(2,929.9)	(591.8)	129.2	(0.4)	169.4	-	6.7	(3,216.8)
Assets under construction	(1.6)	-	-	-	-	-	-	(1.6)
Cumulative depreciation and impairments	**(2,932.3)**	**(623.5)**	**145.9**	**(0.4)**	**178.0**	**-**	**0.4**	**(3,231.9)**
Land	182.9	0.2	(2.9)	-	(2.9)	-	1.1	178.4
Buildings	368.3	(18.6)	(7.2)	-	(3.0)	-	8.6	348.1
Technical and other equipment	2,891.0	(15.8)	(24.9)	0.2	(60.6)	-	(10.6)	2,779.3
Assets under construction	79.1	46.7	-	-	-	-	7.0	132.8
Net book value	**3,521.3**	**12.5**	**(35.0)**	**0.2**	**(66.5)**	**-**	**6.1**	**3,438.6**

Property, plant and equipment December 31, 2019 (€m)	January 1, 2019	Additions	Disposals	Business Combinations	Changes in foreign currency	Held for sale	Other	December 31, 2019
Land	185.0	-	(2.9)	-	(0.6)	(2.7)	4.1	182.9
Buildings	385.4	7.5	(13.7)	-	6.3	(14.1)	(2.4)	369.1
Technical and other equipment	5,272.1	545.1	(194.2)	0.8	302.0	-	(104.9)	5,820.9
Assets under construction	52.2	66.8	-	-	-	-	(38.5)	80.6
Gross value	**5,894.8**	**619.4**	**(210.7)**	**0.8**	**307.7**	**(16.8)**	**(141.6)**	**6,453.6**
Land	-	-	-	-	-	-	-	-
Buildings	10.6	(34.1)	6.9	-	(4.4)	7.5	12.7	(0.8)
Technical and other equipment	(2,383.3)	(611.9)	161.9	(0.7)	(245.8)	-	149.9	(2,929.9)
Assets under construction	(1.6)	-	-	-	-	-	-	(1.6)
Cumulative depreciation and impairments	**(2,374.3)**	**(646.1)**	**168.8**	**(0.7)**	**(250.2)**	**7.5**	**162.6**	**(2,932.3)**
Land	185.0	-	(2.9)	-	(0.6)	(2.7)	4.1	182.9
Buildings	396.0	(26.6)	(6.7)	-	2.0	(6.6)	10.3	368.3
Technical and other equipment	2,888.8	(66.9)	(32.2)	0.1	56.2	-	45.0	2,891.0
Assets under construction	50.7	66.8	-	-	-	-	(38.5)	79.1
Net book value	**3,520.5**	**(26.6)**	**(41.8)**	**0.1**	**57.5**	**(9.3)**	**21.0**	**3,521.3**

Further details on the captions in the table above include:

- Buildings mostly comprises the hosting of technical sites, buildings and their respective fittings.
- Technical equipment principally includes network equipment (radio, switching, network administration, network core) and transmissions. It also includes the cable network owned across the Group, which provides the ability to supply cable-based pay television, broadband internet and fixed line telephony services to its subscribers.
- Call centres that represent centralized offices used for receiving or transmitting a large volume of administrative, technical or commercial requests by telephone.
- Office furniture and equipment that refer to furnishings and IT equipment.
- Communication network infrastructure that include the digital technologies for the transmission of multi-channel television services.

As part of the various debt issuances completed by the Group, the assets of certain subsidiaries have been pledged as collateral. This includes, amongst others, the shares of certain holding companies and intercompany loans, the shares of HOT Telecom and all material assets of HOT Telecom, including the cable network (but excluding licenses and end user equipment and assets of HOT Mobile), all material assets of Altice Dominicana (other than licenses and real estate assets valued at less than €5 million), the shares of PT Portugal and certain other operating subsidiaries in Portugal.

8. Contract balances

The following table provides information about contract costs, contract assets and contract liabilities from contracts with customers.

Contract balances (€m)	December 31, 2020	December 31, 2019
Contract costs, net (non-current)	107.8	104.2
Contract assets, net (current)	36.9	36.7
Contract liabilities non-current	(54.4)	(61.6)
Contract liabilities current	(106.4)	(117.5)
Total	**(16.1)**	**(38.2)**

8.1. Contract costs (non-current)

The Group recognizes in the caption Contract costs the incremental costs of obtaining a contract with a customer if it expects to recover those costs. Commissions to third parties and sales incentives to employees are considered as costs to obtain a contract.

Contract costs, net (non-current)	**December 31, 2020**			**December 31, 2019**		
(€m)	**Gross value**	**Cumulative amortization**	**Net value**	**Gross value**	**Cumulative amortization**	**Net value**
Opening balances	826.7	(722.5)	104.2	661.9	(566.3)	95.6
Additions	126.3	-	126.3	121.8	-	121.8
Amortization	-	(120.1)	(120.1)	-	(117.0)	(117.0)
Impairment losses	-	-	-	-	-	-
Change in consolidation scope	-	-	-	-	-	-
Translation adjustments	(24.1)	21.5	(2.6)	43.0	(39.2)	3.8
Reclassification to held for sale	-	-	-	-	-	-
Other	-	-	-	-	-	-
Closing Balances	**928.9**	**(821.1)**	**107.8**	**826.7**	**(722.5)**	**104.2**

8.2. Contract assets (current)

Contract assets are recognised when devices are sold in bundled packages in the mobile activities as revenue related to the device is recognised upfront and is billed to the customer over the service period.

Contract assets, net (current) (€m)	**December 31, 2020**	**December 31, 2019**
Opening balances contract assets	**36.7**	**38.9**
Business related movements	2.5	(0.2)
Change in consolidation scope	-	-
Translation adjustments	(2.9)	(0.6)
Reclassification to held for sale	-	-
Other	-	0.2
Closing balances of contract assets	**36.3**	**38.3**
Impairment loss	0.6	(1.6)
Contract assets, net	**36.9**	**36.7**

8.3. Contract liabilities

In the case of IRUs, and sometimes rentals or service agreements, the service is paid in advance. These prepayments, which are non-refundable, are recorded in prepaid revenue and amortized over the expected term of the related agreements.

Contract liabilities (€m)	**December 31, 2020**	**December 31, 2019**
Contract liabilities - current	106.4	117.5
Contract liabilities - non current	54.4	61.6
Total	**160.8**	**179.1**
Explained as follows:		
Deferred income	134.2	149.9
Connection fees / Service access fees	5.7	7.4
Loyalty programs	9.7	8.7
Other	11.3	13.1
Total	**160.9**	**179.1**

Contract liabilities (€m)	**December 31, 2020**	**December 31, 2019**
Opening balances of contract liabilities	**179.1**	194.9
Business related movements[1]	(13.7)	2.5
Change in consolidation scope	-	(15.8)
Translation adjustments	(4.6)	(0.7)
Reclassification to held for sale	-	-
Other	-	(1.8)
Closing balances of contract liabilities	**160.8**	**179.1**

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

9. Investment in associates and joint ventures

Main interests in associates and joint ventures (€m)		**Year ended December 31, 2020**	**Year ended December 31, 2019**
Portugal	Sport TV	11.0	10.2
	Janela Digital	2.3	2.3
	Other associates	1.9	3.4
	Associates	**15.2**	**15.9**

Share of earnings/(loss) of associates and joint ventures	**Year ended**	
(€m)	**December 31, 2020**	**December 31, 2019**
Associates and joint ventures of PT Portugal	3.2	(7.9)
Other	-	0.9
Total	**3.2**	**(7.1)**

The key financial information of the significant investments in associates is listed below:

	Sport TV	
(€m)	**2020**	**2019**
Non-current assets	107.0	98.6
Current assets exc Cash and cash equivalent	73.8	76.3
Cash and Cash equivalent	5.7	9.0
Total assets	**186.5**	**184.0**
Non-current financial debt	2.0	0.0
Other non-current liabilities	4.3	4.3
Current liabilities	159.4	161.7
Total Liabilities	**165.7**	**166.0**
Net assets (100%)	**20.8**	**18.0**
Group's share of net assets (25%)	**5.2**	**4.4**
Goodwill	**5.8**	**5.8**
Carrying value of investment	**11.0**	**10.2**
Revenue from Sales	187.8	186.8
Net income/(loss)	2.8	(13.9)
Other comprehensive income	-	-

Investment in associates of PT Portugal

Associates of PT Portugal had a carrying amount for €15.2 million for the year ended December 31, 2020 (2019: €15.9 million). The main associates of PT Portugal and the carrying amount of invested equity as of December 31, 2020 were:

- *Sport TV* (€11.0 million): on February 24, 2017, PT Portugal acquired a 25% stake in the capital of SPORT TV for €12.3 million. SPORT TV is a sports broadcaster based in Portugal. Following this investment, SPORT TV's shareholders are PT Portugal, NOS, Olivedesportos and Vodafone, each of which with a 25% stake; and
- *Janela Digital* (€2.3 million): in 2000, PT Portugal and Netholding created Janela Digital, each of which with a 50% stake. This entity is responsible for the development of IT solutions in the real estate market.

In 2018, PT Portugal acquired a 25% stake in the capital of Belmont and the carrying amounted of invested equity was €107.5 million as of December 31, 2018. Belmont is an entity that holds 100% of BIH - Belmont Infrastructure Holding, S.A., which in turn holds a 100% interest in OMTEL. As of December 31, 2019, this investment was classified as assets held for sale. Please refer to notes 3.1.1 and 3.5.

Proceeds from the sale of interests in associates in PT Portugal amounted to €10.0 million for the twelve-month period ended December 31, 2020, in addition to proceeds of €201.0 million received for the sale of Belmont (please refer to notes 3.1.1 and 4.3.2.2).

10. Financial assets and other non-current assets

10.1. Financial assets

Financial assets (€m)	Note	As of December 31, 2020	As of December 31, 2019
Derivative financial assets	10.1.1	78.1	107.6
Loans and receivables	10.1.2	2,498.3	1,598.2
Call options with non-controlling interests	10.1.3	162.7	113.6
Equity instruments at fair value through OCI	10.1.4	5.8	5.1
Other financial assets	10.1.5	24.8	19.7
Total		**2,769.7**	**1,844.2**
Current		207.5	38.6
Non-current		2,562.2	1,805.7

10.1.1. *Derivative financial instruments related to debt*

The Group has a significant debt book and executes derivative contracts to hedge its position in compliance with its treasury policy. All derivatives are measured at their fair value at the balance sheet date. The total asset position as of December 31, 2020 was €78.1 million (2019: €107.6 million) and the decrease was mainly caused by restructuring of swaps in Altice Financing S.A. ("Altice Financing"). Please refer also to note 17.4 for details on each of these derivatives held by the Group and to note 19 for information on the fair value of the derivatives, including the fair value hierarchy.

10.1.2. *Loans and receivables*

The Group's loans and receivables as of December 31, 2020, mainly consisted of loans in Altice Financing (€1,371.2 million), the Company (€789.3 million) and Altice Holdings S.à r.l. ("Altice Holdings") (€312.7 million) granted to entities within the Altice Group (mainly Altice Group Lux S.à r.l. ("Altice Group Lux"), Altice Luxembourg and Altice Corporate Financing S.à r.l. ("Altice Corporate Financing")).

Advances paid to Group companies included in investing activities in the consolidated statement of cash flows for the twelve-month period ended December 31, 2020 largely related to a payment of €527.0 million upstreamed by Altice Financing to Altice Luxembourg and €627.4 million and €340.6 million upstreamed by the Company to respectively Altice Group Lux and Altice Corporate Financing. These payments were partially offset by proceeds from repayment of advances to Group companies included in investing activities of €520.1 million, €81.0 million and €43.8 million which the Company received from respectively Altice CVC Lux S.à r.l. ("Altice CVC Lux"), Altice Group Lux and Altice Luxembourg.

10.1.3. *Call options with non-controlling interests*

Through the various acquisitions that the Group has completed in recent years, the Group signed agreements whereby it has a call option to acquire certain residual non-controlling interests in entities that it has not acquired 100%. The call options are derivative financial instruments and must be re-measured to their fair value at balance sheet date. The carrying amount of the call options is detailed in note 19.1.1.

10.1.4. *Equity instrument at fair value through OCI*

As of December 31, 2020, the Group recorded €5.8 million of investments in Partner Co. Ltd (please refer to note 19.1.1). These investments in equity instruments are not held for trading. Instead, they are held for medium term. Accordingly, the Board of Managers of the Company have elected to designate these as equity instruments at FVTOCI.

10.1.5. *Other financial assets*

The decrease in other financial assets as of December 31, 2020 compared to December 31, 2019 is due to a reduction in accrued interest on loans to entities within the Altice Group.

10.2. Other non-current assets

Other non-current assets (€m)	December 31, 2020	December 31, 2019
Pension assets	3.2	2.8
Prepaid expenses	0.2	-
Other receivables	179.0	189.1
Total	**182.4**	**191.9**

Other non-current assets decreased by €9.5 million to €182.4 million, mainly due to lower receivables in PT Portugal. Other receivables mainly consists of universal service balances in Portugal.

11. Inventories

Inventories are almost exclusively comprised of consumable goods corresponding to customer premises equipment (modems, decoders, mobile handsets etc.), which are used in the daily business activity of the Group's subsidiaries. The Group considers that all inventory will be fully utilised in the next twelve months and is therefore classified as a current asset in the Statement of Financial Position.

Inventories (€m)	December 31, 2020	December 31, 2019
Raw materials and consumables	94.6	96.6
Work in progress	41.8	48.9
Gross value	**136.4**	**145.5**
Raw materials and consumables	(14.0)	(12.4)
Work in progress	(3.3)	(2.1)
Write-down for obsolescence	**(17.3)**	**(14.5)**
Raw materials and consumables	80.6	84.2
Work in progress	38.5	46.8
Total carrying amount	**119.1**	**131.0**

11.1. Inventory obsolescence

Inventory obsolescence (€m)	Raw materials and consumables	Work in progress (goods)	Total
Opening balance: January 1, 2020	**(12.5)**	**(2.1)**	**(14.6)**
(Allowances)/reversals	(1.8)	(1.2)	(3.0)
Other	0.3	-	0.3
Closing balance: December 31, 2020	**(14.0)**	**(3.3)**	**(17.3)**

Inventory obsolescence (€m)	Raw materials and consumables	Work in progress (goods)	Total
Opening balance: January 1, 2019	**(14.7)**	**(2.5)**	**(17.2)**
Variation	2.3	0.4	2.7
Other	(0.1)	-	(0.1)
Closing balance: December 31, 2019	**(12.5)**	**(2.1)**	**(14.6)**

12. Trade and other receivables

Trade and other receivables (€m)	Year ended December 31, 2020	Year ended December 31, 2019
Trade receivables	903.9	882.3
Other receivables	511.9	141.4
Total	**1,415.8**	**1,023.7**

12.1. Trade receivables

Trade receivables (€m)	Gross trade receivables	Expected credit losses	Total
Opening balance: January 1, 2019	**1,104.8**	**(222.6)**	**882.2**
Recognised through business combinations	-	(0.1)	(0.1)
Net increase.	45.4	(8.7)	36.7
Other changes	(17.5)	2.6	(14.9)
Closing balance: December 31, 2020	**1,132.7**	**(228.8)**	**903.9**

Trade receivables (€m)	Gross trade receivables	Expected credit losses	Total
Opening balance: January 1, 2019	**993.1**	**(218.7)**	**774.4**
Recognised through business combinations	3.3	(0.1)	3.2
Net increase	90.3	2.1	92.4
Held for sale	(0.1)	-	(0.1)
Other changes	18.2	(5.9)	12.3
Closing balance: December 31, 2019	**1,104.8**	**(222.6)**	**882.2**

12.1.1. *Aging of trade receivables*

Age of trade receivables (€m)	Year ended December 31, 2020	Year ended December 31, 2019
Not yet due	651.3	582.5
30 - 90 days	101.6	121.9
> 90 days	150.9	177.8
Total	**903.8**	**882.2**

The Group routinely evaluates the credit that is provided to its customers, while checking their financial situations; however, it does not demand collateral for those debts. The Group records provision for expected credit losses based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Group believes there is no risk of concentration of counterparties given the much-diversified customer basis, especially on the residential business' side (in the Group's largest segments, a major portion of clients pay using direct debit, credit cards or online banking). For business services, the top 20 clients of the Group represent less than 5% of total Group revenues.

Of the total trade receivables balance of €903.9 million, approximately 70% relates to customers in Europe and 30% in the rest of the world.

12.2. Other receivables

Other receivables (€m)	Year ended December 31, 2020	Year ended December 31, 2019
Prepaid expenses	45.1	58.8
Business taxes receivable (e.g. VAT)	31.4	32.0
Fastfiber earnout	354.0	-
Other	81.5	50.7
Total	**512.0**	**141.5**

12.2.1. *Prepaid expenses*

Prepaid expenses mainly relate to services for which payments are made before the service is rendered (such as rental, insurance or other services).

12.2.2. *Business taxes receivable*

This caption comprises mostly receivables due from VAT payments made on supplier invoices.

12.2.3. *FastFiber earnout*

This receivable represents the net present value of an earnout related to the FastFiber transaction (please refer to note 3.1.2).

12.2.4. *Other*

Other is mainly composed of receivables due from advances to employees and other miscellaneous items.

13. Cash and cash equivalents and restricted cash

Cash balances (€m)	**December 31, 2020**	**December 31, 2019**
Term deposits	117.3	45.2
Bank balances	236.7	350.2
Cash and cash equivalents	**354.0**	**395.5**
Restricted cash	39.3	37.5
Total	**393.3**	**432.9**

The restricted cash balance at December 31, 2020 included:

- €31.1 million in Altice Financing as collateral for a bank guarantee; and
- €8.2 million in HOT for various purposes.

14. Shareholders' equity

The Board of Managers seeks to maintain a balance between the higher return that might be possible with higher levels of borrowing and advantages and security afforded by sound capital position.

The Group's equity was comprised as follows:

Equity attributable to owners of the Company (€m)	**Notes**	**As of December 31, 2020**	**As of December 31, 2019**
Issued capital	14.1	309.3	309.3
Other reserves	14.2	(159.1)	(255.8)
Accumulated gains/(losses)		605.9	(583.0)
Total		**756.1**	**(529.5)**

14.1. Issued capital

For the year ended December 31, 2020, there were no changes in the issued capital of the Group. Total issued and paid-up capital of the Company as at December 31, 2020 was €309.3 million, comprising 30,925,700,000 outstanding ordinary shares, with a nominal value of € 0.01 each.

14.2. Other reserves

The tax effects of the Group's currency translation, fair value through OCI, cash flow hedge and employee benefits reserves are provided below:

Other reserves	**December 31, 2020**			**December 31, 2019**		
(€m)	**Pre-tax amount**	**Tax effect**	**Net amount**	**Pre-tax amount**	**Tax effect**	**Net amount**
Actuarial gains and losses	(142.3)	29.6	(112.7)	(157.5)	32.8	(124.7)
Items not reclassified to profit or loss	**(142.3)**	**29.6**	**(112.7)**	**(157.5)**	**32.8**	**(124.7)**
Fair value through OCI	3.5	-	3.5	1.9	-	1.9
Currency translation reserve	(33.1)	-	(33.1)	(38.5)	-	(38.5)
Cash flow hedge reserve	(22.6)	5.8	(16.8)	(140.0)	45.5	(94.6)
Items potentially reclassified to profit or loss	**(52.2)**	**5.8**	**(46.4)**	**(176.6)**	**45.5**	**(131.2)**
Total	**(194.5)**	**35.4**	**(159.1)**	**(334.1)**	**78.2**	**(255.9)**

15. Provisions

Provisions (€m)	**Note**	**Year ended December 31, 2020**	**Year ended December 31, 2019**
Provisions		125.6	115.1
Employee benefit provisions	16	823.5	940.8
Total		**949.1**	**1,055.9**
Current		87.7	78.4
Non-current		861.4	977.5

A breakdown of the main types of provisions, and their movements during the year, is presented in the table below:

Provisions December 31, 2020 (€m)	January 1, 2020	Business Combinations	Additions[1]	Utilization	Held for sale	Other	December 31, 2020
Litigations and other provisions	99.6	-	24.5	(9.9)	-	(4.2)	110.0
Site renovation	15.6	-	0.2	(1.0)	-	0.8	15.6
Total Gross Value	**115.2**	**-**	**24.7**	**(10.9)**	**-**	**(3.4)**	**125.6**

Provisions December 31, 2019 (€m)	January 1, 2019	Business Combinations	Additions	Utilization	Held for sale	Other[1]	December 31, 2019
Litigations and other provisions	142.6	0.1	28.4	(6.3)	(0.3)	(64.9)	99.6
Onerous contract	0.3	-	-	(0.3)	-	-	-
Site renovation	14.5	-	-	(0.8)	(0.2)	2.1	15.6
Total Gross Value	**157.4**	**0.1**	**28.4**	**(7.4)**	**(0.5)**	**(62.8)**	**115.2**

1 The column Other mainly includes a reclassification of the provisions for tax risk to deferred tax liabilities and current tax payable following the adoption of IFRIC 23 *Uncertainty over Income Tax Treatments*.

15.1. Litigations and other provision

These mainly relate to litigations that have been brought against the Group for which the Board of Managers believes that the risk of cash outflows is probable. Management considers that all potential risks of cash outflows on such litigations and claims is properly evaluated and represented correctly in the consolidated financial statements. Such litigations cover VAT related risks as well.

These provisions include amounts for which the nature and amounts cannot be disclosed on a case by case basis as this might expose the Group to further litigation. Such cases are outlined in note 23 (Taxation) and note 30 (Litigation).

Other provisions mainly include provisions for risks involving distributors and suppliers, material not returned, disputes with employees and related to investments in associates

15.2. Site renovation

In certain cases, the Company and its subsidiaries (mainly PT Portugal) have contractual obligations to repair and renovate technical sites and network components at the end of the contractual period or in case of an anticipated contract cancellation.

16. Employee benefit provisions

Depending on the laws and practices in force in the countries where it operates, the Group has obligations in terms of employee benefits. The notes below describe the defined benefit plans across the Group and provide information about the amounts recognised in the consolidated financial statements during the year.

The amount included in the consolidated statement of financial position in respect of defined benefit plans is as follows:

Defined benefit plan (€m)	Year ended December 31, 2020	Year ended December 31, 2019
Present value of defined benefit obligation	958.4	1,074.5
Fair value of plan assets	(137.2)	(136.4)
Unfunded status	**821.2**	**938.0**
Employee benefit recorded in provision	823.5	940.8
Employee benefit recorded as asset	(2.3)	(2.8)

16.1. Details of the significant defined benefit plans

16.1.1. *Portugal*

PT Portugal sponsors defined benefit plans, under which it is responsible for the payment of pension supplements to retired employees and healthcare services to retired employees and eligible relatives. In addition, PT Portugal and some of its subsidiaries are also responsible for the payment of salaries to suspended and pre-retired employees until retirement age. A detailed nature of these benefits is presented below:

- Pension supplements - Retirees and employees of Companhia Portuguesa Rádio Marconi, S.A. ("Marconi", a company merged into PT Portugal in 2002) hired prior to February 1, 1998 and retirees and employees of Telefones de Lisboa e Porto, S.A. ("TLP", a company merged into PT in 1994) and Teledifusora de Portugal, S.A. ("TDP", a company merged into PT in 1994) hired prior to June 23, 1994 are entitled to receive a supplemental pension benefit, which complements the pension paid by the Portuguese social security system. In addition, on retirement, PT Portugal pays a lump sum gratuity of a fixed amount which depends on the length of service completed by the employee and its salary. Employees hired by PT Portugal or any of its predecessor companies after the dates indicated above are not entitled to these benefits and are thus covered only by the general Portuguese Government social security system, which is a defined contribution plan in accordance with IAS 19 *Employee Benefits*.
- Healthcare benefits - PT Portugal sponsors the payment of post-retirement health care benefits to certain suspended employees, pre-retired employees and retired employees and their eligible relatives. Health care services are rendered by Altice - Associação de Cuidados de Saúde ("Altice ACS"), which was incorporated with the only purpose of managing this Health Care Plan. This plan, sponsored by MEO, includes all employees hired by MEO until December 31, 2000 and by Marconi until February 1, 1998. The financing of the Health Care Plan comprises defined contributions made by participants to Altice ACS and the remainder by MEO, which incorporated an autonomous fund in 2004 for this purpose.
- Salaries to suspended and pre-retired employees - PT Portugal and some of its subsidiaries are also responsible for the payment of salaries to suspended and pre-retired employees until the retirement age, which result from agreements between both parties. These liabilities are not subject to any legal funding requirement and therefore the monthly payment of salaries is made directly by each of the subsidiaries of PT Portugal.

16.1.2. *Israel*

In Israel, the plans are normally financed by contributions to insurance companies and classified as defined contribution plans or as defined benefit plans. The Group has defined contribution plans pursuant to Section 14 of the Severance Pay Law under which the Group pays regular contributions and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient amounts to pay all employee benefits relating to employee service in the current and prior periods. In addition, the Group has a defined benefit plan in respect of severance pay pursuant to the Severance Pay Law. According to the law, employees are entitled to receive severance pay upon dismissal or retirement. In respect of its severance pay obligation to certain of its employees, the Group makes current deposits in pension funds and insurance companies (the "plan assets"). Plan assets comprise assets held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the Group's own creditors and cannot be returned directly to the Group.

16.2. Defined benefit obligations and fair value of plan assets

16.2.1. *Movements in the present value of the defined benefit obligations*

Defined benefit obligations (€m)	**Year ended December 31, 2020**	**Year ended December 31, 2019**
Opening balance at January 1	**1,074.5**	**784.6**
Interest expense	6.9	10.2
Current service cost	7.0	5.9
Benefits paid	(125.1)	(130.6)
Curtailment[1]	7.1	290.0
Net actuarial (loss)/gain in other comprehensive income	(12.0)	111.5
Other (including currency translation adjustment)	-	2.8
Closing balance at December 31	**958.4**	**1,074.5**
including commitments not financed	428.3	522.1
including commitments totally financed or partially financed	530.1	552.4

1 In 2019, curtailment mainly includes the effect of Portugal restructuring plan as described in note 4.3.2.1.

16.2.2. *Fair value of plan assets*

Fair value of plan assets (€m)	**Year ended December 31, 2020**	**Year ended December 31, 2019**
Opening balance at January 1	**136.4**	**130.1**
Interest income	1.7	2.6
Deposits paid by the employer into the plan	3.7	1.8
Participant contributions	2.8	1.7
Benefits paid	(9.6)	(8.0)
Net actuarial gain in other comprehensive income	3.0	6.3
Other (including currency translation adjustment)	(0.8)	2.0
Closing balance at December 31	**137.2**	**136.4**

Fair value of plan assets	**December 31, 2020**		**December 31, 2019**	
(€m)	**Amount**	**%**	**Amount**	**%**
Shares	20.7	15.1%	18.1	13.3%
Bonds	54.2	39.5%	54.6	40.1%
Real estate	0.1	0.1%	0.1	0.1%
Other[1]	62.1	45.3%	63.5	46.6%
Closing balance at December 31	**137.2**	**100.0%**	**136.3**	**100.0%**

1 Included in other are mainly cash and cash equivalents and investment funds held.

16.2.3. *Amounts recognised in comprehensive income*

Defined benefit plan: amounts recognised in comprehensive income (€m)	**Year ended December 31, 2020**	**Year ended December 31, 2019**
Current service cost	7.0	5.9
Net interest expense	5.2	7.6
Curtailment[1]	7.1	290.0
Expenses recognised in profit or loss	**19.3**	**303.5**
Net actuarial gain/(loss):		
Differences arising from experience	(24.0)	52.0
Differences arising from changes in assumptions	11.9	59.6
Return on plan assets (excluding interest income)	(3.0)	(6.3)
Expenses recognised in other comprehensive income	**(15.1)**	**105.3**
Total expenses recorded in comprehensive income	**4.2**	**408.8**

1 Curtailment mainly includes the effect of Portugal restructuring plan as described in note 4.3.2.1.

16.2.4. *Defined benefit plan valuation assumptions*

The principal assumptions used in the actuarial valuations were as follows:

Assumptions used in actuarial valuation: Europe (%)	**Year ended December 31, 2020**	**Year ended December 31, 2019**
Expected rate of salary increase	0-2%	0-2%
Discount rate - pension	0.50%	0.75%
Discount rate - healthcare	1.00%	1.25%
Inflation rate	2.00%	2.00%

Assumptions used in actuarial valuation: Rest of world (%)	**Year ended December 31, 2020**	**Year ended December 31, 2019**
Expected rate of salary increase	2-4%	2-4%
Discount rate - pension	2.91%	4.22%
Inflation rate	1.67%	1.38%

16.2.5. *Sensitivity analysis*

Sensitivity to a change in discount rate (€m)	**Year ended December 31, 2020**	**Year ended December 31, 2019**
Discount rate decreases 0.25%	23.5	25.3
Discount rate increases 0.25%	(16.2)	(16.2)

16.2.6. *Estimated future cash flows of defined benefit plan*

The estimated future undiscounted cash flows for the plans in Portugal are as follows:

(€m)	
2021	97.0
2022-2023	162.0
2024-2025	136.0
More than 5 years	405.0
Total	**800.0**

17. Borrowings and other financial liabilities

Borrowings, other financial liabilities and lease liabilities (€m)	**Notes**	**December 31, 2020**	**December 31, 2019**
Long term borrowings, financial liabilities and related hedging instruments		**7,395.9**	**8,155.8**
- Debentures	*17.1*	*5,348.7*	*6,115.8*
- Loans from lenders	*17.1*	*1,698.3*	*1,843.9*
- Derivative financial instruments	*17.4*	*348.9*	*196.1*
Other non-current financial liabilities	*17.8*	**1,033.6**	**690.3**
Lease liabilities non-current		**805.5**	**840.2**
Non-current liabilities		**9,235.0**	**9,686.3**
Short term borrowing, financial liabilities and related hedging instruments		**92.3**	**288.4**
- Debentures	*17.1*	*-*	*257.5*
- Loans from lenders	*17.1*	*17.8*	*19.1*
- Derivative financial instruments	*17.4*	*74.5*	*11.8*
Other financial liabilities	*17.8*	**808.4**	**676.7**
- Other financial liabilities		*669.0*	*437.7*
- Bank overdraft		*0.2*	*0.5*
- Accrued interest		*139.2*	*238.5*
Lease liabilities current		**83.7**	**82.8**
Current liabilities		**984.4**	**1,047.9**
Total		**10,219.4**	**10,734.2**

17.1. Debentures and loans from lenders

Debentures and loans from lenders (€m)	**Notes**	**December 31, 2020**	**December 31, 2019**
Debentures	17.1.1	5,348.7	6,373.3
Loans from lenders	17.1.2	1,716.1	1,863.0
Total		**7,064.8**	**8,236.3**

17.1.1. *Debentures*

Maturity of debentures (€m)	**Less than one year**	**One year or more**	**December 31, 2020**	**December 31, 2019**
Altice Financing	-	4,675.2	4,675.2	4,750.8
Altice Finco	-	673.5	673.5	1,622.5
Total	**-**	**5,348.7**	**5,348.7**	**6,373.3**

The credit ratings of the entities, and details of where the debt is publicly traded, as at December 31, 2020, is provided in the table below:

Issuer of debt	**Type of debt**	**Credit rating of notes Moody's/Standard & Poor's**	**Markets (if any) bonds are traded on**
Altice Financing	Senior secured notes	B2/B	Euro MTF Market
Altice Finco	Senior unsecured notes	Caa1/CCC+	Euro MTF Market

The table below provides details of all debentures, shown in order of maturity.

Instrument	Issuer	Face value	Coupon	Year of	December 31, 2020		December 31, 2019	
				maturity	Fair	Carrying	Fair	Carrying
(€m, unless stated)					value	amount	value	amount
Senior notes	Altice Finco	$250 million	9.00%	2023	-	-	267.0	257.5
Senior notes	Altice Finco	$400 million	8.13%	2024	-	-	366.8	356.2
Senior notes	Altice Finco	$385 million	7.63%	2025	-	-	353.4	342.9
Senior unsecured notes	Altice Finco	€675 million	4.75%	2028	652.8	675.0	681.9	675.0
Senior secured notes	Altice Financing	$2,060 million	6.63%	2023	-	-	1,872.6	1,834.5
Senior secured notes	Altice Financing	€500 million	5.25%	2023	-	-	510.7	500.0
Senior secured notes	Altice Financing	$2,750 million	7.50%	2026	2,127.6	2,021.0	2,632.5	2,449.0
Senior secured notes	Altice Financing	$1,200 million	5.00%	2028	1,004.7	981.6	-	-
Senior secured notes	Altice Financing	€1,100 million	3.00%	2028	1,058.9	1,100.0	-	-
Senior secured notes	Altice Financing	€600 million	2.25%	2025	579.0	600.0	-	-
Transaction costs					-	(28.8)	-	(41.8)
Total value of bonds					**5,422.9**	**5,348.7**	**6,684.9**	**6,373.3**
Of which due within one year					-	-	*267.0*	*257.5*
Of which due after one year					*5,422.9*	*5,348.7*	*6,417.9*	*6,115.8*

17.1.2. *Loans from lenders*

A summary of the loans by entity and a detailed list of all loans is provided in the following tables. For an overview of the revolving credit facilities drawn as at December 31, 2020, and included in the figures below, please refer to note 17.7.

Maturity of loans from lenders (€m)	Less than one year	One year or more	December 31, 2020	December 31, 2019
Altice Financing (including RCF)[1]	17.8	1,698.3	1,716.1	1,861.4
Others	-	-	-	1.6
Total	**17.8**	**1,698.3**	**1,716.1**	**1,863.0**

1. RCF amounts are being classified as amounts which mature in less than one year but can be extended till the end of the maturity date of the RCF agreement. Please refer to note 17.7 for further details regarding the credit facilities.

Term loans and revolving credit facilities				December 31, 2020		December 31, 2019	
Type	Borrower	Currency	Year of maturity	Face value (currency)	Carrying amount (€)	Face value (currency)	Carrying amount (€)
Term loan	Altice Financing	USD	2025	878.2	714.5	887.3	786.0
Term loan	Altice Financing	USD	2026	873.0	711.6	882.0	782.6
Term loan	Altice Financing	EUR	2026	291.0	290.0	294.0	292.9
Term loan	Other loans	EUR	various	-	-	1.6	1.6
					1,716.1		**1,863.0**

17.2. Refinancing

During the twelve month period ended December 31, 2020, the following refinancing transactions have been closed.

17.2.1. *Redemption and repurchase of notes*

The Group has undertaken the following redemptions of notes since January 1, 2020:

- On January 13, 2020, Altice Finco S.A. ("Altice Finco") redeemed in full the outstanding 2023 9.0% Altice Finco Euro Senior Notes, in an aggregate principal amount of €250 million, in accordance with the 2013 Altice Finco Euro Senior Notes Indenture;

- On February 10, 2020, Altice Finco redeemed in full the outstanding 2024 8.13% Altice Finco Dollar Senior Notes, in an aggregate principal amount of $400 million, in accordance with the 2013 Altice Finco Dollar Senior Notes Indenture;

- On February 18, 2020, Altice Financing redeemed in full the outstanding 2023 5.25% and 2023 6.625% Altice Financing Senior Secured Notes, in an aggregate principal amount of €2,400.0 million equivalent, in accordance with the 2015 Altice Financing Senior Secured Notes Indenture;

- Between June 4, 2020 and September 25, 2020, Altice Financing repurchased and cancelled $279.4 million of its 2026 7.5% notes.

- On July 22, 2020, Altice Finco redeemed in full the outstanding $385 million 2025 7.63% notes in an aggregate principal amount of $385 million (€332.6 million equivalent). The call premium paid on July 22, 2020 related to the redemption amounted to $14.7 million (€12.7 million equivalent).

17.2.2. *Issuance of the 2020 Altice Financing Senior Secured Notes*

On January 22, 2020, Altice Financing issued $1,200 million aggregate principal amount of 5.000% Senior Secured Notes due January 15, 2028, €1,100 million aggregate principal amount of 3.000% Senior Secured Notes due January 15, 2028 and €600 million aggregate principal amount of 2.250% Senior Secured Notes due January 15, 2025.

17.2.3. *Amendment of 2014 Altice Financing Revolving Credit Facility Agreement*

On February 20, 2020, all of the lenders under the 2014 Altice Financing Revolving Credit Facility Agreement agreed to amend the 2014 Altice Financing Revolving Credit Facility Agreement to extend the maturity date to February 20, 2025, reduce the margin and make certain other changes.

17.2.4. *Bridge facility*

On March 3, 2020, Altice Finco entered into a term loan credit agreement providing for, among other things, a euro denominated term loan in an aggregate principal amount of €500 million (the "2020 Altice Finco Bridge Credit Facility"). The term loan bears interest at a rate per annum equal to the weighted average rate of 2-month and 3-month EURIBOR for the period between the funding date of the 2020 Altice Finco Bridge Credit Facility (March 5, 2020) and the maturity date of the 2020 Altice Finco Bridge Credit Facility (May 29, 2020), plus the applicable margin of 2.5% per annum. The proceeds from the term loan borrowed under the 2020 Altice Finco Bridge Credit Facility were used to fund in part the redemption of the 2015 Altice Luxembourg Senior Notes. On April 17, 2020, Altice Finco fully repaid the 2020 Altice Finco Bridge Credit Facility.

17.3. Covenants

The debt issued by the subsidiaries of the Company is subject to certain restrictive covenants, which apply in the case of debt issued by Altice Financing and Altice Finco, to the Company and its restricted subsidiaries.

Other than the revolving credit facilities, described below, such debt issued by the Company's subsidiaries is subject to incurrence based covenants, which do not require ongoing compliance with financial ratios, but place certain limitations on the relevant restricted group's ability to, among other things, incur or guarantee additional debt (including to finance new acquisitions), create liens, pay dividends and other distributions to shareholders or prepay subordinated indebtedness, make investments, sell assets, engage in affiliate transactions or engage in mergers or consolidations. These covenants are subject to several important exceptions and qualifications.

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

Senior Secured Debt and Senior Debt is subject to an incurrence test as follows:

- Senior Secured debt of the Company is subject to an incurrence test of 3:1 (Adjusted EBITDA to Net Senior Secured Debt) and Senior Debt is subject to an incurrence test of 4:1 (Adjusted EBITDA to Net Total Debt).

The Company or its relevant subsidiaries are allowed to fully consolidate the EBITDA from any subsidiaries in which they have a controlling interest and that are contained in the restricted group as defined in the relevant debt instruments.

The Group has access to various Revolving Credit Facilities, which are subject to maintenance covenants in addition to the incurrence covenants described above.

Revolving Credit Facilities are subject to a maintenance test as follows:

- Revolving Credit Facilities of the Company are subject to a maintenance test of 5.25:1 (Adjusted EBITDA to Net Total Debt) if outstanding at the end of the quarter.

For details of the Revolving Credit Facilities, please refer to note 17.7. As at December 31, 2020, nil was drawn and no maintenance test was required to be performed at the level of the Company.

The Group was in compliance with all the covenants described above, as of December 31, 2020.

17.4. Derivatives financial instruments

As part of its financial risk management strategy, the Group enters certain hedging operations. The main instruments used are fixed to fixed or fixed to floating cross-currency and interest rate swaps ("CCIRS") that cover against foreign currency and interest rate risk related to the Group's debt obligations. The Group applies hedge accounting for the operations that meet the eligibility criteria as defined by IAS 39 *Financial Instruments: Recognition and Measurement*.

17.4.1. *Designation of derivative financial instruments*

17.4.1.1. *Hedged instruments*

The Group continues to apply hedge accounting for those historical hedging operations that met the eligibility criteria as defined by IAS 39 *Financial Instruments: Recognition and Measurement*. Where subsidiaries of the Group have issued debt in a currency that is different to the functional currency of the subsidiary, for example, issuing USD denominated debt in its European subsidiaries, the Group has entered into CCIRS to mitigate risks arising from the variations in foreign exchange rates. These instruments secure future cash flows in the subsidiaries functional currency and they are designated as cash flow hedges by the Group. As from 2019, hedge accounting is not applied to new CCIRS that mitigate risks arising from the variations in foreign exchange rates.

17.4.1.2. *Instruments not eligible for hedge accounting*

Those derivatives not designated in a cash flow hedge relationship are classified as derivative financial instruments recognised at fair value through profit or loss (FVTPL); the change in fair value of these derivatives is recognised immediately in profit or loss.

17.4.2. *Characteristics of the Group's derivatives*

17.4.2.1. *CCIRS*

The following table provides a summary of the Group's CCIRS.

Entity Maturity	**Notional amount due from counterparty (millions)**	**Notional amount due to counterparty (millions)**	**Interest rate due from counterparty**	**Interest rate due to counterparty**	**Accounting treatment[1]**
Altice Financing S.A.					
May 2022	USD 350	EUR 305	7.50%	5.25%	FVTPL
May 2026	USD 1,012	EUR 884	10.50%	7.91%	FVTPL
May 2026	USD 930	EUR 853	7.50%	7.40%	FVTPL
July 2025	USD 485	EUR 449	3m LIBOR+2.75%	3m EURIBOR+2.55%	FVTPL
July 2024[2]	USD 1,580	EUR 1,341	7.50%	6.06%	FVTPL/CFH
May 2026	USD 1,362	EUR 1,190	10.50%	7.91%	FVTPL
January 2028	USD 1,200	EUR 1,079	5.00%	3.04%	FVTPL

1. The derivatives are all measured at fair value. The change in fair value of derivatives classified as cash flow hedges (CFH) in accordance with IAS 39 *Financial Instruments: Recognition and Measurement* is recognised in the cash flow hedge reserve. The derivatives not hedge accounted have the change in fair value recognised immediately in profit or loss.
2. Contains a derivative instrument with notional amount of $779 million / €686 million which is classified as cash flow hedge.

The change in fair value of all derivative instruments designated as cash flow hedges was recorded in other comprehensive income for the full year ended December 31, 2020. Before the impact of taxes, gains of €117.4 million were recorded in other comprehensive income (€77.7 million net of taxes).

17.4.2.2. *Interest rate swaps*

The Group enters interest rate swaps to cover its interest rate exposure in line with its treasury policy. These swaps cover the Group's debt portfolio and do not necessarily relate to specific debt issued by the Group.

The details of the instruments are provided in the following table.

Entity Maturity	**Notional amount due from counterparty (millions)**	**Notional amount due to counterparty (millions)**	**Interest rate due from counterparty**	**Interest rate due to counterparty**	**Accounting treatment**
Altice Financing S.A.					
April 2021	USD 878	USD 878	1m LIBOR	3m LIBOR - 0.200%	FVTPL
April 2021	USD 883	USD 883	1m LIBOR	3m LIBOR - 0.200%	FVTPL
January 2030	EUR 750	EUR 750	3m EURIBOR	-0.44%	FVTPL

17.5. Reconciliation to swap adjusted debt

As mentioned in the note above, the Group has entered into various hedge transactions to mitigate interest rate and foreign exchange risks on the different debt instruments issued by the Group. Such instruments cover both the principal and the interests due on different debts (both debentures and loans from financial institutions).

A reconciliation between the carrying amount of the Group's financial debt and the due amount of the debts after considering the effect of the hedge operations (the "Swap adjusted debt") are given below:

Net debt reconciliation (€m)	**December 31, 2020**	**December 31, 2019**
Debentures and loans from lenders	**7,064.8**	**8,236.3**
Transaction costs	36.1	50.0
Total (including transaction costs)	**7,100.9**	**8,286.3**
Conversion of debentures and loans in foreign currency (at closing spot rate)	(7,924.6)	(10,845.3)
Conversion of debentures and loans in foreign currency (at hedged rates)	8,215.4	10,793.3
Total swap adjusted debt	**7,391.7**	**8,234.3**
Finance lease liabilities	24.5	39.1
Gross debt	**7,416.2**	**8,273.4**
Cash and cash equivalents	(353.9)	(395.5)
Net financial debt	**7,062.3**	**7,877.9**

Net financial debt is a non-GAAP measure which is useful to the readers of the consolidated financial statements as they provide meaningful information regarding the financial position of Group and its ability to pay its financial debt obligations compared to its liquid assets.

17.6. Reconciliation between net financial liabilities and net financial debt

The following table shows the reconciliation between net financial liabilities in the consolidated statement of financial position and the net financial debt.

Reconciliation between Net Financial Liabilities and Net Financial Debt (€m)	**December 30, 2020**	**December 31, 2019**
Financial liabilities	10,219.4	10,734.0
Derivative assets	(78.1)	(107.6)
Cash and cash equivalents	(354.0)	(395.5)
Net financial liabilities - consolidated statement of financial position	**9,787.3**	**10,230.9**
Reconciliation:	-	
Transaction costs	36.1	50.0
Rate impact derivative instruments	(18.4)	(100.2)
Lease liabilities	(889.2)	(923.1)
Reverse factoring and securitisation	(277.2)	(292.0)
Accrued interest	(139.2)	(238.5)
Mandatory Convertible Notes	(848.8)	-
Mandatory Convertible Notes Altice Luxembourg	(354.0)	(629.7)
Put options with non-controlling interests	(212.7)	(153.4)
Debts and liabilities with Altice Group companies	-	(46.0)
Deposits received	(0.4)	(0.4)
Other	(22.1)	(19.7)
Net financial debt	**7,062.3**	**7,877.9**

17.7. Available credit facilities

Available credit facilities (€m)	**Total facility**	**Drawn**
Altice Financing S.A.	538.0	-
Revolving credit facilities	**538.0**	-

17.8. Other financial liabilities

The main items within the caption "other financial liabilities" are summarized below:

Other financial liabilities	**December 31, 2020**			**December 31, 2019**		
(€m)	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Lease liabilities	83.7	805.5	889.2	82.8	840.2	923.0
Reverse factoring	277.2	-	277.2	292.0	-	292.0
Accrued interest	139.2	-	139.2	238.5	-	238.5
Put options with non-controlling interests	205.9	6.8	212.7	-	153.4	153.4
Deposits received	-	0.4	0.4	-	0.4	0.4
Bank overdraft	0.2	-	0.2	0.5	-	0.5
Mandatory Convertible Notes	-	848.8	848.8	-	-	-
Mandatory Convertible Notes Altice Luxembourg	180.0	173.9	354.0	139.9	489.9	629.8
Debts and liabilities with Altice Group companies	-	-	-	-	46.0	46.0
Other	5.9	3.7	9.5	5.8	0.6	6.4
Total	**892.1**	**1,839.1**	**2,731.2**	**759.5**	**1,530.5**	**2,290.0**

The current portion of other financial liabilities amounts to €892.1 million as at December 31, 2020, an increase of €132.6 million compared to December 31, 2019. The non-current portion of other financial liabilities amounts to €1,839.1 million as at December 31, 2020, an increase of €308.6 million compared to December 31, 2019. Details of the main items within the caption, and the movements from the prior period, are detailed below.

17.8.1. *Lease liabilities*

Leases relate to the current and non-current lease liabilities recorded in accordance with IFRS 16 *Leases*, which standard was adopted as from January 1, 2019. Please also refer to note 20.

17.8.2. *Reverse factoring*

Through the use of reverse factoring structures, the Group extends its payment terms up to 360 days, reducing its requirements for working capital. The contractual arrangements in place permit the supplier to obtain the amounts invoiced at agreed payment term with the amounts paid by the banks that participate in the reverse factoring structure. The Group will repay the banks the full invoice amount, with interest, on the scheduled payment date as required by the reverse factoring agreement. Based on the scheduled payment dates, the amounts payable under this arrangement are accounted for as current liabilities. As the amounts are payable to the participating banks, the amounts have been presented under Other financial liabilities. In the Consolidated Statement of Cash Flows, the cash flows related to reverse factoring are presented under Changes in working capital or Payments to acquire tangible and intangible assets depending on the nature of the expenditure, and Payments made to suppliers through factoring arrangements or Payments made to factoring companies relating to the net payment to the banks. The decrease in reverse factoring as at December 31, 2020 compared to December 31, 2019 is due to the combination of timing of reverse factoring capacity with the banks.

17.8.3. *Accrued interest*

Accrued interest is the amount of interest due at balance sheet date regarding the Company's outstanding debentures and loans from financial institutions.

17.8.4. *Put options with non-controlling interests*

The Group executes agreements with the non-controlling interests in certain acquisitions whereby the non-controlling interests have the option to sell their non-controlling interests to the Group. These instruments are measured at their fair value at the balance sheet date (please refer to note 19.1.2.3 for further information).

17.8.5. *Mandatory Convertible Notes*

On April 17, 2020, PT Portugal and Morgan Stanley Infrastructure Partners entered into a subscription agreement regarding the issuance and subscription of €1,600.0 million mandatory convertible notes in which the parties subscribed considering the percentage of interest in equity of FastFiber. The €848.8 million relates to the financial liability of the Group towards Morgan Stanley Infrastructure Partners, consisting of the notional amount of €799.8 million and an additional subscription of €49.0 million. The notes will bear interest on their aggregate principal amount at the fixed rate of 6.00% per annum. Interest is due in May and November of each year. At any time on or after the date that is twenty years after the date of issue, all or part of the notes issued can be converted into shares with mutual consent. The principle of the convertible notes do not have a stated maturity and will never become payable in cash.

17.8.6. *Mandatory Convertible Notes Altice Luxembourg*

The Mandatory Convertible Notes ("MCN") were issued for an aggregate amount of €2,055 million, which were entirely subscribed by the Company's sole shareholder, Altice Luxembourg. These instruments are compound financial instruments that contain both a liability and an equity component. On December 30, 2020, the existing agreement was amended with a revised maturity date of December 31, 2023 and an interest rate which is based on the annual interest rate accrued on the Company's Senior Debt. Following the amended agreement, the existing liability was derecognized and a new liability was recorded, resulting in the recognition of an interest expense of €17.9 million and an extinguishment of debt of €478.3 million. The non-current portion of the MCN liability recorded at December 31, 2020 and December 31, 2019 are €174.0 million and €489.9 million respectively. The current portion of the MCN liability recorded at December 31, 2020 and December 31, 2019 are €180.0 million and €139.9 million respectively.

17.8.7. *Debt and liabilities with Altice Group companies*

Debts and liabilities with Altice Group companies relate to debts and liabilities which the Company has with Altice Group companies outside of the Group (please refer to note 28 for further information).

17.8.8. *Other*

Other consists mainly of various other debts and liabilities of the Altice Group.

17.9. Reconciliation of change in borrowings and other financial liabilities

Total borrowings and other financial liabilities decreased by €514.8 million compared to the prior year. The table below provides a full reconciliation of the movement in the balance sheet and a reconciliation to the cash payments as presented in the financing section of the consolidated statement of cash flows.

Reconciliation of debt movements (€m)	**December 31, 2019**	**Net cash flows**	**Non-cash transactions**	**Change in fair value**	**Change in foreign exchange**	**Change in accounting policies**	**December 31, 2020**
Senior notes	6,373.3	(834)	32.3		(223.1)		5,348.7
Term loans	1,863.0	(21.0)	1.3		(127.2)		1,716.1
Derivative financial instruments, net[2]	100.2	91.6		153.4			345.2
Other financial liabilities	2,289.9	810.2	(281.4)	(52.5)	(35.0)	-	2,731.2
Total	**10,626.4**	**47.0**	**(247.8)**	**100.9**	**(385.2)**	**-**	**10,141.2**

Reconciliation of debt movements (€m)	**January 1, 2019**	**Net cash flows**	**Non-cash transactions**	**Change in fair value**	**Change in foreign exchange**	**Change in accounting policies[1]**	**December 31, 2019**
Senior notes and term loans	6,257.4	-	18.9	-	97.0	-	6,373.3
Term loans	1,853.5	(19.1)	(2.4)	-	31.0	-	1,863.0
Derivative financial instruments, net[2]	302.9	54.5	-	(257.2)	-	-	100.2
Other financial liabilities	1,502.9	(729.7)	442.1	19.8	178.8	876.0	2,289.9
Total	**9,916.7**	**(694.3)**	**458.6**	**(237.4)**	**306.8**	**876.0**	**10,626.4**

1 Change in accounting policies relates to the adoption of IFRS 16 *Leases* as of January 1, 2019 and the subsequent recognition of Lease liabilities.
2 Derivative financial instruments, net, are presented net of derivative financial assets.

The net cash flows presented above can be reconciled to the financing activities in the cash flow statement as follows:

Reconciliation to financing cash flow (€m)	**Year ended December 31, 2020**	**Year ended December 31, 2019**
Net cash flow (as above)	**47.0**	**(694.3)**
Consisting of:		
Proceeds from issuance of debts	3,530.9	-
Payments to redeem debt instruments	(4,353.4)	(19.2)
Net cash on derivatives	91.6	54.5
Net cash flows related to lease liabilities	(148.1)	(158.7)
Net cash flows from factoring	(7.7)	(53.7)
Interest paid	(423.1)	(490.7)
Proceeds from the sale of minority stake	1,576.0	-
Other financing cash flow	(219.2)	(26.5)

17.10. Maturity of financial liabilities

Maturity of financial liabilities (€m)	**Less than 1 year**	**Between 1 and 5 years**	**More than 5 years**	**December 31, 2020**
Loans, debentures and related hedging instruments	92.2	1,694.0	5,701.9	7,488.2
Lease liabilities	83.7	127.6	678.0	889.2
Accrued interest	139.2	-	-	139.2
Bank overdraft	0.2	-	-	0.2
Other financial liabilities	669.0	181.6	851.9	1,702.5
Interest payments until maturity date[1]	311.3	1,277.4	418.8	2,007.5
Nominal value of borrowings	**1,295.6**	**3,280.7**	**7,650.6**	**12,226.9**

Maturity of financial liabilities (€m)	**Less than 1 year**	**Between 1 and 5 years**	**More than 5 years**	**December 31, 2019**
Loans, debentures and related hedging instruments	288.4	2,317.8	5,838.0	8,444.2
Lease liabilities	82.8	101.9	738.4	923.1
Accrued interest	238.5	-	-	238.5
Bank overdraft	0.5	-	-	0.5
Other financial liabilities	437.5	690.3	-	1,127.8
Interest payments until maturity date[1]	452.8	1,541.0	462.1	2,455.9
Nominal value of borrowings	**1,500.5**	**4,651.0**	**7,038.5**	**13,190.0**

1 In accordance with IFRS 7:39, the maturity of financial liabilities includes the future contractual undiscounted interest payments related to the loans and debentures as at December 31, 2020 and December 31, 2019 respectively. These future contractual undiscounted interest payments have been prepared on the following basis:

- For loans and debentures at variable interest rates, the interest rates have been used which were applicable at December 31, 2020 and

December 31, 2019 respectively;
- For loans and debentures in foreign currency, the exchange rates have been used which were applicable at December 31, 2020 and December 31, 2019 respectively;
- In case the interest payments have been hedged, the cash flows after hedge impact have been reported.

17.11. Currency of borrowings

Currency of borrowings (€m)	Euro	US Dollar	Israeli Shekel	Others	December 31, 2020
Loans, debentures and related hedging instruments	3,077.1	4,411.0	-	0.1	7,488.2
Finance leases	621.3	132.7	129.7	5.6	889.2
Accrued interest	46.1	93.1	-	-	139.2
Bank overdraft	0.0	0.2	-	0.0	0.2
Other financial liabilities	1,487.6	46.3	168.7	0.0	1,702.6
Nominal value of borrowings	**5,232.0**	**4,683.3**	**298.4**	**5.7**	**10,219.4**

Currency of borrowings (€m)	Euro	US Dollar	Israeli Shekel	Others	December 31, 2019
Loans, debentures and related hedging instruments	1,929.3	6,514.9	-	-	8,444.2
Finance leases	621.3	148.1	147.8	5.9	923.1
Accrued interest	117.6	120.8	-	-	238.4
Bank overdraft	-	0.5	-	-	0.5
Other financial liabilities	883.2	69.5	175.2	-	1,127.9
Nominal value of borrowings	**3,551.4**	**6,853.8**	**323.0**	**5.9**	**10,734.1**

17.12. Nature of interest rate

Nature of interest rate	December 31, 2020			December 31, 2019		
(€m)	Fixed	Floating	Total	Fixed	Floating	Total
Loans, debentures and related hedging instruments	5,772.1	1,716.1	7,488.2	6,581.1	1,863.0	8,444.1
Finance leases	889.2	-	889.2	923.1	-	923.1
Accrued interest	136.6	2.6	139.2	233.8	4.7	238.5
Bank overdraft	0.2	-	0.2	0.5	-	0.5
Other financial liabilities	1,702.6	-	1,702.6	1,127.8	-	1,127.8
Nominal value of borrowings	**8,500.7**	**1,718.7**	**10,219.4**	**8,866.3**	**1,867.7**	**10,734.0**

18. Financial risk factors

In the course of its business, the Group is exposed to several financial risks: credit risk, liquidity risk, market risk (including foreign currency risk and interest rate risk) and other risks, including equity price risk. This note presents the Group's objectives, policies and processes for managing its financial risk and capital.

Financial risk management is an integral part of the way the Group is managed. The Board of Managers establishes the Group's financial policies and the executive management establishes objectives in line with these policies.

The Group is not subject to any externally imposed capital requirements.

18.1. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. The credit risk may arise from the exposures of commitments under a number of financial instruments with one body or as the result of commitments with a number of groups of debtors with similar economic characteristics, whose ability to meet their commitments could be similarly affected by economic or other changes.

The Group accounting for impairment losses for financial assets is based on a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to record an allowance for ECLs for all loans and other financial assets not held at FVTPL. 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 an approximation to the asset's original effective interest rate.

For contract assets, 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 records expected credit losses based on the

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

The Group's income mainly derives from customers in Portugal, Israel and the Dominican Republic. The Group regularly monitors its customers' debts and expected credit losses are recorded in the consolidated financial statements, which provide a fair value of the loss that is inherent to debts whose collection lies in doubt. Additionally, retail customers represent a major portion of revenues and these clients generally pay in advance for the services they buy, or in more significant regions, retail customers generally pay using direct debit, a practice that reduces the Group's credit risk. The expected credit losses on the financial assets of €2,769.7 million is deemed not material. Please also refer to note 10 for Financial assets and note 12 for Trade and other receivables.

18.2. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Ultimate responsibility for liquidity risk management rests with the Board of Managers, which manages liquidity risk by maintaining adequate reserves, banking facilities and reserves borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Group has a strong track record of driving operating free cash flow generation and specializes in turning around struggling businesses and optimizing the cash generation of existing businesses. As all external debt is issued and managed centrally, executive Directors of the Group have a significant amount of control and visibility over the payments required to satisfy obligations under the different external debts. Additionally, the Group has access to undrawn revolving credit facilities for an aggregate amount of €538.0 to cover liquidity needs not met by operating cash flow generation.

Management expects the available cash on hand, the revolving credit facilities available and the Group's cash flows to be sufficient to meet all contractual obligations.

Please refer to note 17.10 regarding the maturity of financial liabilities.

18.3. Market risks

The Group is exposed to risk from movements in foreign currency exchange rates, interest rates and market prices that affect its assets, liabilities and anticipated future transactions.

18.3.1. *Interest rate risk*

Interest rate risk comprises the interest price risk that results from borrowings at fixed rates and the interest cash flow risk that results from borrowings at variable rates.

The Company has an exposure to changes of interest rate in the market, deriving from long-term loans that have been received and which bear variable rate interest.

Interest structure of non-current financial debt (€m)	**December 31, 2020**	**December 31, 2019**
Financial debt at fixed rates	8,500.7	8,871.0
Financial debt at variable rates	1,718.7	1,863.0
Total	**10,219.4**	**10,734.0**

The Group's proportion of variable rate debt decreased from 17.4% for the year ended December 31, 2019 to 16.8% for the year ended December 31, 2020 due to a decrease in the total debt and financial debt at variable rates. When it can, the Group endeavours to issue fixed rate debt (which also typically offers longer maturities).

The Group has entered into different hedging contracts to manage interest rate risk related to debt instruments with variable interest rates. Please see note 17.4 for more information.

A sensitivity analysis was performed on the impact of an increase of interest rates applicable to floating rate debt: a Euribor/Libor rate increase by 1 percentage point would result in an additional annual interest expense of €9.0 million.

18.3.2. *Foreign currency risk*

The Group is exposed to foreign currency risk from transactions and translation. Transactional exposures are managed within a prudent and systematic hedging policy in accordance with the Company's specific business needs. Translation exposure arises from the consolidation of the financial statements of foreign operations in euros, which is, in principle, not hedged. The Group's objective is to manage its foreign currency exposure using currency forwards, futures and swaps.

The Group estimates that a 10% variation of foreign currencies against euro parity is a relevant change of variables and reasonably possible risk in any given year. The table below provides the assessment of the impact of a 10% change in foreign currencies against euro on net result and reserves.

Sensitivity to variations in exchange rates (€m)	**December 31, 2020**		
	Israeli Shekel	**Dominican Peso**	**Total**
Profit for the year			
Increase of 10% in exchange rate	(22.6)	(9.1)	**(31.8)**
Decrease of 10% in exchange rate	22.6	9.1	**31.8**
Equity			
Increase of 10% in exchange rate	(107.7)	(33.1)	**(140.8)**
Decrease of 10% in exchange rate	107.7	33.1	**140.8**

Sensitivity to variations in exchange rates (€m)	**December 31, 2019**		
	Israeli Shekel	**Dominican Peso**	**Total**
Profit for the year			
Increase of 10% in exchange rate	(21.6)	(2.5)	**(24.1)**
Decrease of 10% in exchange rate	21.6	2.5	**24.1**
Equity			
Increase of 10% in exchange rate	(85.1)	(27.5)	**(112.6)**
Decrease of 10% in exchange rate	85.1	27.5	**112.6**

Exchange differences recorded in the income statement amounted to a gain of €113.1 million (2019: exchange gain of €33.9 million).

Additionally, the Group is exposed to foreign currency risk on the different debt instruments that it has issued over time.

The Group has issued a portion of its debt in US dollar, which is partially hedged to manage associated currency exchange risk. Debt which is denominated in US dollar and which is not hedged against foreign currency risk amounted to nil as at December 31, 2020 and €1,411.0 million as at December 31, 2019. A reconciliation between the nominal amount of the total debt measured at its balance sheet rate and the swap adjusted debt is presented in note 17.5.

18.3.3. *Price risk*

The Group has an investment in Partner Co. Ltd., whose shares are listed and which is classified as a financial asset at fair value through profit or loss. The Group is exposed to risk of fluctuations in the security price that is determined by reference to the quoted market price. As of December 31, 2020, the carrying amount of the investment in Partner Co. Ltd. amounted to €5.8 million (€5.1 million as of December 31, 2019). Management considers the price risk of the investment in Partner Co. Ltd. to be limited.

19. Fair value of financial assets and liabilities

19.1. Fair value table of financial assets and liabilities

Fair values of financial assets and liabilities	December 31, 2020		December 31, 2019	
(€m)	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
Cash and cash equivalents	354.0	354.0	395.5	395.5
Restricted cash	39.3	39.3	37.5	37.5
Derivatives	48.3	48.3	27.2	27.2
Call options on non-controlling interests	158.0	158.0	-	-
Other financial assets	1.2	1.2	11.2	11.2
Current financial assets	**600.8**	**600.8**	**471.4**	**471.4**
Derivatives	29.8	29.8	80.4	80.4
Call options on non-controlling interests	4.7	4.7	113.6	113.6
Equity instruments at fair value through OCI	5.8	5.8	5.1	5.1
Loans and receivables with group companies	2,498.3	2,498.3	1,605.2	1,605.2
Other financial assets	23.6	23.6	1.4	1.4
Non-current financial assets	**2,562.2**	**2,562.2**	**1,805.7**	**1,805.7**
Short term borrowings and financial liabilities	17.8	17.8	276.6	276.6
Derivatives	74.5	74.5	11.8	11.8
Lease liabilities	83.7	83.7	82.8	82.8
Reverse factoring	277.2	277.2	292.0	292.0
Accrued interest	139.2	139.2	238.5	238.5
Put options with non-controlling interests	205.9	205.9	-	-
Mandatory Convertible Notes Altice Luxembourg	180.0	180.0	139.9	139.9
Other financial liabilities	6.1	6.1	6.3	6.3
Current financial liabilities	**984.4**	**984.4**	**1,047.9**	**1,047.9**
Long term borrowings and financial liabilities	7,047.0	7,092.1	7,959.7	8,526.5
Put options with non-controlling interests	6.8	6.8	153.4	153.4
Derivatives	348.9	348.9	196.1	196.1
Lease liabilities	805.5	805.5	840.2	840.2
Mandatory Convertible Notes	848.8	848.8	-	-
Mandatory Convertible Notes Altice Luxembourg	173.9	173.9	489.9	489.9
Debts and liabilities with Altice Group companies	-	-	46.0	46.0
Other financial liabilities	4.1	4.1	1.0	1.0
Non-current financial liabilities	**9,235.0**	**9,280.1**	**9,686.3**	**10,253.1**

During the year 2020, there were no transfers of financial assets or financial liabilities between levels of the fair value hierarchy. There are no non-recurring fair value measurements. The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

19.1.1. *Fair value hierarchy*

The following table provides information on the fair values of financial assets and financial liabilities, their valuation technique, and the fair value hierarchy of the instrument given the inputs used in the valuation method. During the twelve month period ended December 31, 2020, the Group entered into a new put and call option with minority shareholders of Intelcia Portugal Inshore, S.A.

Fair value measurement (€m)	Fair value hierarchy	Valuation technique	December 31, 2020	December 31, 2019
Financial Liabilities				
Derivative financial instruments	Level 2	Discounted cash flows	423.4	207.8
Minority Put Option - Teads	Level 3	Discounted cash flows	205.9	153.4
Minority Put Option - Intelcia Portugal Inshore, S.A	Level 3	Discounted cash flows	6.8	-
Financial Assets				
Derivative financial instruments	Level 2	Discounted cash flows	78.1	107.6
Minority Call option - Teads	Level 3	Black and Scholes model	158.0	113.6
Minority Call option - Intelcia Portugal Inshore, S.A	Level 3	Black and Scholes model	4.7	-
Equity instruments at FVOCI - Partner Co. Ltd.	Level 1	Quoted share price	5.8	5.1

19.1.2. *Information on valuation techniques*

19.1.2.1. *Investments in listed entities*

Quoted prices directly available from an active market are used to source the fair value, i.e. the quoted share price of the listed investments in Partner Co. These valuations are directly observable in an open market and therefore the Group has concluded that these instruments should be classified within Level 1 of the fair value hierarchy.

19.1.2.2. *Derivative financial instruments*

Future cash flows are estimated using market observable data at the end of the reporting period (namely, forward exchange rates and interest rates) and the contracted rates of the derivative discounted at a rate that reflects the counterparty credit risk. Since model inputs can generally be verified and do not involve significant management judgement, the Company has concluded that these instruments should be classified within Level 2 of the fair value hierarchy.

19.1.2.3. *Put options*

Each contract has specific terms and conditions, and the valuation is performed using the contracted terms and assessment against market comparable information where appropriate. For example, the exercise price in the option may be determined based on an EBITDA multiple minus the net financial debt. In all instances, the probabilities of the option being exercised is determined using management's best estimate and judgement. The resulting fair value is discounted using appropriate discount rates of the related funding pool. These models use a variety of inputs that use judgements not able to be verified externally, therefore the Group has concluded that these instruments should be classified within Level 3 of the fair value hierarchy.

19.1.2.4. *Call options*

The valuation is derived by calculating the intrinsic value, being the difference in the value of the underlying asset and the options exercise price, and time value of the option, which accounts for the passage of time until the option expires. Various inputs are used, including the price of the underlying asset and its volatility, the strike price and maturity in the contract, and the risk-free rate and dividend yield. The model calculates the possible prices of the underlying asset and their respective probability of occurrence, given these inputs. These models use a variety of inputs that use judgements not able to be verified externally, therefore the Group has concluded that these instruments should be classified within Level 3 of the fair value hierarchy.

19.2. Level 3 instruments

19.2.1. *Assumptions with management judgement used in fair value measurement*

The instruments in Level 3 are the put and call options with the non-controlling interests in acquired entities. The valuation methods used to determine the fair value of these instruments include certain inputs that do not use publicly available information and therefore require management's judgement. Those with significant impact on the fair value of the instruments concerned are deemed to be categorized as Level 3 of the fair value hierarchy. Further details on these valuation methods and the associated inputs using judgements and which can have a significant impact on the fair value are presented below.

Valuation method	Inputs with significant judgement	How management determines inputs	Relationship to fair value
Black and Scholes model (call options)	Price of the underlying asset	Based on EBITDA multiple approach using business plans prepared by management to derive an appropriate EBITDA of the company to use in the valuation	An increase in projected EBITDA used in isolation would result in increase in the fair value
	Volatility of underlying asset	Based on analysis of peers' volatility to derive an appropriate volatility rate	A significant increase in the volatility used in isolation would result in significant increase in the fair value
Multiples approach (put options)	Projected group net sales	Projected sales are determined using internally produced budgets using management's best estimates of future operations of the entities concerned	A slight increase in the projected group net sales used in isolation would result in significant increase in the fair value
	Projected group financial net debt	Projected net debt is determined using internally produced budgets using management's best estimates of future operations of the entities concerned	An increase in the projected net debt used in isolation would result in decrease in the fair value
	Discount rate	Based upon the cost of debt of the funding pool	An increase in the discount rate used in isolation would result in decrease in the fair value

19.2.2. *Reconciliation of movement in fair value of Level 3 financial instruments*

The additions in minority put options and minority call options relate to the put and call option agreement that Portugal entered into with Intelcia Portugal Inshore, S.A. The gain recognized for the minority call option is unrealized and has been recognized in Other financial income in the Statement of Income.

Change in fair value of level 3 instruments (€m)	**Available for sale unlisted shares**	**Minority put options**	**Minority call options**	**December 31, 2020**
Opening balance	**-**	**(153.4)**	**113.6**	**(39.8)**
Additions		(6.8)	4.7	(2.1)
Change in value of minority put options recorded in equity	-	(52.5)	-	(52.5)
Gains or losses recognised in profit or loss	-	-	44.4	44.4
Closing balance	**-**	**(212.7)**	**162.7**	**(50.0)**

Change in fair value of level 3 instruments (€m)	**Available for sale unlisted shares**	**Minority put options**	**Minority call options**	**December 31, 2019**
Opening balance	**-**	**(133.6)**	**53.8**	**(79.8)**
Change in value of minority put options recorded in equity	-	(19.8)	-	(19.8)
Gains or losses recognised in profit or loss	-	-	59.8	59.8
Closing balance	**-**	**(153.4)**	**113.6**	**(39.8)**

20. Leases

For the lessee, the contractual undiscounted cash flows related to lease payments were as follows:

Obligations under leases (€m)	**December 31, 2020**	**December 31, 2019**
Less than one year	160.6	157.8
Between one and two years	117.8	124.5
Between two and three years	107.1	116.4
Between three and four years	97.8	106.5
Five years and beyond	1,033.8	1,149.4
Total minimum payments	**1,517.1**	**1,654.6**
Less: future finance expenses	(627.9)	(731.6)
Nominal value of contracts	**889.2**	**923.0**
Included in the consolidated financial statements as:		
- Current lease liabilities (note 17)	83.7	82.8
- Non-current lease liabilities (note 17)	805.5	840.3

Lease payments for the twelve-month period ended December 31, 2020 amounted to €148.1 million, consisting of €78.6 million of principal payments and €69.5 million of interest payments. Lease payments for the twelve-month period ended December 31, 2019 amounted to €160.0 million, consisting of €87.0 million of principal payments and €73.0 million of interest payments.

21. Trade and other payables

Trade and other payables (€m)	**Year ended December 31, 2020**	**Year ended December 31, 2019**
Trade payables	1,113.0	1,166.2
Fixed asset payables	113.2	114.4
Corporate and social security contributions	57.1	56.6
Indirect tax payables	74.6	72.3
Other payables	13.7	3.2
Total	**1,371.6**	**1,412.7**

22. Other liabilities

Other liabilities (€m)	**Year ended December 31, 2020**	**Year ended December 31, 2019**
Other	16.7	22.4
Current liabilities	**16.7**	**22.4**
Fixed asset payables	14.1	3.7
Other	11.8	28.2
Non-current liabilities	**25.9**	**31.9**
Total	**42.6**	**54.3**

23. Taxation

Taxation (€m)	**Note**	**December 31, 2020**	**December 31, 2019**
Tax benefit recognised in the Statement of Income			
Current tax		(147.5)	(99.2)
Deferred tax		99.5	(17.3)
Income tax expense	23.1	**(48.0)**	**(116.5)**
Deferred tax balances recognised in the Statement of Financial Position			
Deferred tax assets		153.9	67.2
Deferred tax liabilities		(88.0)	(86.2)
Deferred tax	23.2	**65.9**	**(19.0)**

23.1. Reconciliation to effective tax rate

Reconciliation between effective tax rate and theoretical tax rate (€m)	**December 31, 2020**	**December 31, 2019**
Profit/(loss) for the year	**417.8**	**(438.9)**
Share of earnings of associates and joint ventures	3.2	(7.0)
Income tax expense	(48.0)	(116.5)
Profit/(loss) before income tax and share of earnings of associates and joint ventures	**462.6**	**(315.4)**
Statutory tax rate in Luxembourg	25.0%	25.0%
Income tax calculated on theoretical tax	(115.7)	78.9
Impact of:		
Difference between Parent company and foreign income tax rates	(2.9)	34.5
Effect of permanent differences[1]	(48.8)	(88.8)
Reassessments of tax losses and deferred taxes assets [2]	166.0	(105.2)
Effect of change in tax rate[2]	2.9	2.0
Other current tax adjustment	(27.3)	(20.9)
Other deferred tax adjustment	(22.2)	(16.9)
Income tax expense	**(48.0)**	**(116.5)**
Effective tax rate	10.4%	(36.9)%

1 Permanent differences are mainly due to financial interests that are non-deductible, penalties and other non-deductible expenses.
2 Reassessments of tax losses and deferred taxes assets line is related mainly to the reassessment of the realization of the net operating losses and carried forward tax credit and the non-recognition of tax losses.

23.2. Deferred tax

The following tables show the deferred tax balances before netting deferred tax assets and liabilities by fiscal entity:

Components of deferred tax balances (€m)	December 31, 2020	December 31, 2019
Employee benefits	200.9	225.4
Other temporary non-deductible provisions	48.2	51.7
Fair value adjustment (derivative)	32.0	30.3
Difference between tax and accounting depreciation	(235.8)	(267.5)
Other temporary tax deductions[1]	76.1	3.3
Net operating losses and tax carry forwards	612.4	536.7
Unrecognized net operating losses and tax carry forwards	(611.8)	(536.3)
Unrecognized other deferred tax assets	(56.1)	(62.5)
Total	**65.9**	**(19.0)**
Comprising:		
Deferred tax assets	153.9	67.2
Deferred tax liabilities	(88.0)	(86.2)

1 The increase is mainly related to Deferred tax related to intercompany Capex margin eliminations in Portugal

Variation in deferred tax balances (€m)	December 31, 2020	December 31, 2019
Opening balance	**(19.0)**	**63.5**
Deferred tax on income	99.5	(17.3)
Deferred tax on shareholder's equity	(29.2)	10.0
Change in consolidation scope and other adjustments[1]	18.3	(65.0)
Currency translation adjustment	(3.8)	(10.3)
Closing balance	**65.9**	**(19.0)**

1 For 2019, the change in consolidation scope and other adjustments mainly includes a reclassification of a provision for tax risk to deferred tax liabilities following the adoption of IFRIC 23 *Uncertainty over Income Tax Treatments*.

23.3. Net operating losses and carried forward tax credits

Deferred tax assets related to carried forward tax credit on net operating losses expire in the following years:

Variation in deferred tax balances (€m)	December 31, 2020	December 31, 2019
Within one year	-	-
Between two and five years	-	5.6
More than five years	365.7	289.8
Unlimited	246.7	241.3
Net operating losses and tax carry forward, gross	**612.4**	**536.7**
Unrecognized net operating losses and tax carry forwards	(611.8)	(536.3)
Net operating losses and tax carry forward, net	**0.6**	**.3**

Net operating losses ("NOLs") and tax carry forward as of December 31, 2020 were related mainly to holding companies as well as PT Portugal. The Group does not believe that the unrecognised deferred tax losses can be used given the Group's current structure, but the Group will continue exploring opportunities to offset these against any future profits that the Company or its subsidiaries may generate.

Deferred tax assets have resulted primarily from the Group's future deductible temporary differences and NOLs. In assessing the realizability of deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax asset will not be realized. In evaluating the recognition of deferred tax assets, management takes into account various factors, including the expected level of future taxable income, available tax planning strategies and reversals of existing taxable temporary differences. If such estimates and related assumptions change in the future, the Group may be required to adjust its deferred tax assets, resulting in additional income tax expense in the consolidated income statement. As of December 31, 2020, and as of December 31, 2019, the Group recognised deferred tax asset on the basis of projections of future use of the loss carry forward deemed probable.

23.4. Current tax assets and liabilities

As of December 31, 2020, current tax assets for €22.8 million correspond to the net income tax advances paid in 2020. As of December 31, 2020, current tax liabilities amount to €189.4 million and correspond to the net income tax payable for 2020. The current tax liabilities increased compared to €115.5 as of December 31, 2019, mainly due to the taxable profits generated by FastFiber in Portugal, entity that was incorporated in April 2020 (please refer to note 3.1.2).

23.5. Tax litigation

This note describes the new proceedings and developments in existing tax litigations that have occurred since the publication of the consolidated financial statements for the year ended December 31, 2019 and that have had or that may have a significant effect on the financial position of the Group.

23.5.1. *Portugal*

MEO estimated the probable tax contingencies arising from tax audits carried out by the Portuguese tax authorities on various Group companies and recognised the appropriate amount of provision in its accounts according to its risk assessment as of December 31, 2020. The provision covers risks related mainly to the potential return of tax credits/incentives and VAT on indemnities charged as result of the breach of loyalty contracts entered with post-paid customers. The VAT contingency relates to both the fixed and mobile businesses and covers years since 2012. The claim for the VAT of the mobile company in 2012 was being discussed in an arbitral court, which decided to send the matter to the European Court of Justice (ECJ), that issued a decision on November 22, 2018 which was not favourable to MEO, concluding that, under certain circumstances, indemnities should be charged with VAT, and at the same time referring that ultimately VAT should only be assessed based on indemnities received from customers. The tax assessments of the fixed-line company in 2012 and both the mobile and fixed-line companies in 2013 and 2014, were submitted to the arbitral court as well, and all were suspended and waited for the decision of the ECJ. Following the ECJ decision, MEO was notified of the arbitral court decisions on all actions relating to the fiscal years 2012, 2013 and 2014, all of which unfavourable and some referring that VAT should only be assessed based on indemnities received from customers, which is less than 20% of the overall indemnities invoiced. MEO appealed from all these decisions to the Administrative Central Court, the decisions of which are not yet know. For the years 2015, 2016 and 2017 MEO reached an agreement with the tax authorities resulting in the payment of approximately €3 million. For the following years, it is not certain that the tax authorities will accept similar agreements.

23.5.2. *Israel*

On July 4, 2019, HOT signed a compromise agreement with the Israeli tax authorities for an amount of €7.6 million related to tax assessment for the years 2015 and 2016.

23.5.3. *Other tax jurisdictions*

Tax assessments are conducted in several tax jurisdictions within the Group (Israel and Luxembourg). The provisions recorded in the consolidated financial statements are based on the assessment of the risk by the management's and its professional advisors.

24. Other operating expenses

Operating expenses (€m)	**Year ended December 31, 2020**	**Year ended December 31, 2019**
Technical and maintenance costs	(210.4)	(214.4)
Customer services	(142.1)	(137.7)
Business Taxes	(48.3)	(45.8)
Sales and marketing expenses	(383.1)	(451.1)
General and administrative expenses	(84.6)	(84.2)
Total	**(868.5)**	**(933.2)**

25. Depreciation, amortization and impairment losses

Depreciation, amortization and impairment (€m)	**December 31, 2020**	**December 31, 2019**
Amortization of intangible assets	(364.6)	(393.7)
Amortization of contract costs	(120.1)	(117.0)
Depreciation of right-of-use assets	(98.3)	(99.6)
Depreciation of tangible assets	(623.5)	(646.1)
Impairments	0.4	-
Depreciation, amortization and impairment	**(1,206.1)**	**(1,256.4)**

26. Finance costs, net

Net finance costs, net (€m)	**Year ended December 31, 2020**	**Year ended December 31, 2019**
Interest relative to gross financial debt	**(468.7)**	**(606.0)**
Realized and unrealized (losses)/gains on derivative instruments linked to financial debt	**(229.5)**	**146.6**
Interest on lease liabilities	(70.8)	(74.2)
Impairment of available for sale financial assets	0.2	(14.6)
Other	(39.2)	(23.8)
Other financial expenses	**(109.8)**	**(112.6)**
Interest income	150.0	111.3
Other financial income	74.6	64.0
Net foreign exchange gains	113.1	33.9
Finance income	**337.7**	**209.2**
Net result on extinguishment and remeasurement of financial liabilities	**370.6**	**(9.6)**
Finance (costs)/income	**(99.7)**	**(372.4)**

The net finance costs for the year ended December 31, 2020 decreased to €99.7 million compared to €372.4 million for the same period in 2019. The decrease is mainly explained by the net of the following items:

- net gain on extinguishment of financial liabilities of €370.6 million (2019: loss of €9.6 million) related to the full redemption of the outstanding MCN (please refer to note 17.8.6) and redemptions of the Group's notes in Altice Financing and Altice Finco (please refer to note 17.2);
- realized and unrealized losses on derivative instruments of €229.5 million compared to gains of €146.6 million in 2019 due to higher losses in variation in the mark to market of the swaps of Altice Financing. Proceeds from the monetization of swaps in Altice Financing amounted to €50.2 million for the twelve-month period ended December 31, 2020 versus nil for the twelve-month period ended December 31, 2019;
- net foreign exchange gains of €113.1 million compared to gains of €33.9 million in 2019 mainly due to the effect of the USD/EUR rate on USD denominated debt;
- lower interest relative to gross financial debt due to refinancing activities. Interest paid on debt including interest received from / paid on interest derivatives for the twelve-month period ended December 31, 2020 amounted to €468.7 million versus €606.0 million for the twelve-month period ended December 31, 2019; and
- higher interest income due to higher loans receivable with entities in the wider Altice Group, mainly Altice Group Lux and Altice Luxembourg.

27. Average workforce

The workforce employed by the Group, expressed in the form of full-time-equivalent employees (FTE), is presented below. The full-time equivalence of each employee is calculated based on the number of hours worked by the employee in each period, compared to the maximum number of hours/period allowed as per the local law prevalent in the country of operation.

Average workforce	**Year ended December 31, 2020**	**Year ended December 31, 2019**
Managers	548	549
Technicians	6,936	4,763
Employees	7,159	7,562
Total	**14,643**	**12,874**

The increase in average FTE is mainly due to the addition in 2020 of the Intelcia call centre in Portugal.

28. Related party transactions

28.1. Related party transactions and balances

Transactions with related parties during 2020 are mainly related to transactions with Altice USA, Altice France and Altice TV (which are ultimately owned by the controlling shareholder), transactions with associates and joint ventures of the various operating entities of the Group and payments for services rendered by the controlling shareholder of the Group. In addition, during 2020, there were amendments to the Mandatory Convertible Notes ("MCN") that were issued for an aggregate amount of €2,055.0 million, which were entirely subscribed by the Company's sole shareholder, Altice Luxembourg. The impact of those amendments is described in note 17.8.6.

Reference is made to note 1 for more details on the controlling shareholder of the Group. Such transactions include:

- exchange of services between PT Portugal and its associates (please refer to note 9 for more details on PT Portugal's associates);
- exchange of services between Altice USA, Altice France and Altice TV with Teads and PT Portugal; and
- exchange of services like healthcare insurance and broadcasting of sport events between PT Portugal and its associates.

Transactions with related parties are not subject to any guarantees and the terms and conditions are at arm's length. The table below shows a summary of the Group's related party transactions for the year, and outstanding balances as at December 31, 2020 and December 31, 2019.

Related party transactions - income and expense	**Year ended December 31, 2020**				
(€m)	**Revenue**	**Operating expenses**	**Financial expenses**	**Financial income**	**Capex**
Equity holder	125.5	18.8	51.0	180.2	-
Associates and joint ventures	2.6	69.0	-	-	-
Total	**128.1**	**87.8**	**51.0**	**180.2**	**-**

Related party transactions - income and expense	**Year ended December 31, 2019**				
(€m)	**Revenue**	**Operating expenses**	**Financial expenses**	**Financial income**	**Capex**
Equity holder	70.0	27.2	106.1	131.6	3.5
Associates and joint ventures	9.8	144.7	21.9	0.9	-
Total	**79.9**	**171.9**	**128.1**	**132.5**	**3.5**

Related party balances - assets	**December 31, 2020**			**December 31, 2019**		
(€m)	**Loans and receivables**	**Trade receivables and other**	**Current accounts**	**Loans and receivables**	**Trade receivables and other**	**Current accounts**
Equity holder	2,460.8	86.9	19.7	1,511.0	76.5	2.5
Associates and joint ventures	35.2	17.5	-	52.5	20.5	-
Total	**2,495.9**	**104.4**	**19.7**	**1,563.5**	**97.0**	**2.5**

Related party balances - liabilities	**December 31, 2020**			**December 31, 2019**		
(€m)	**Other financial liabilities**	**Trade payables and other**	**Current accounts**	**Other financial liabilities**	**Trade payables and other**	**Current accounts**
Equity holder	354.7	156.9	1.4	744.0	193.4	2.8
Associates and joint ventures	-	22.0	0.0	-	34.8	-
Total	**354.7**	**178.9**	**1.5**	**744.0**	**228.2**	**2.8**

Revenue reported with the Company's equity holder of €125.5 million and €70.0 million was recognised in the consolidated statement of income for the year ended December 31, 2020 and December 31, 2019, respectively. The revenues for the year ended December 31, 2020 mainly related to the sale of equipment from PT Portugal and online advertising services from Teads to Altice USA, as well as revenues recognized in PT Portugal and Teads with Altice France and its subsidiaries. For the year ended December 31, 2019, the revenue with the Company's equity holder mainly related to the sale of equipment from PT Portugal and online advertising services from Teads to Altice USA, as well as revenues recognized in PT Portugal and Teads with Altice France and its subsidiaries.

A total operating expense with the Company's equity holder of €18.8 million and €27.2 million was recognised in the consolidated statement of income for the year ended December 31, 2020 and December 31, 2019, respectively. The operating expenses for the year ended December 31, 2020 mainly related to the management fee expenses charged by Altice Luxembourg, operating expenses with PT Portugal and Altice Luxembourg. The operating expense reported with associates and joint ventures mainly related to:

- in Portugal:
  - Sport TV for broadcasting of sports events;
  - Fibroglobal - Comunicações Electrónicas for fibre network infrastructure management, which related to a fee for any new customer installation and a monthly fee for PT Portugal's customer base through the network of Fibroglobal - Comunicações Electrónicas during 2019 only; and
  - OMTEL for operating expenses related to fees of the infrastructure service of towers during 2019 only.

A financial expense with the Company's equity holder of €51.0 million and €106.1 million was recognised in the statement of income for the year ended December 31, 2020 and December 31, 2019. The financial expenses for the year ended December 31, 2020 mainly related to the interest expense on loan due to Altice Luxembourg and the variations in the fair value of non-hedged derivative in Altice Financing with Altice France Holding. The financial expenses for the year ended December 31, 2019 mainly related to the interest expense on loan due to Altice Luxembourg and the variations in the fair value of non-hedged derivative in Altice Financing with Altice Luxembourg. The financial expense reported with associates and joint ventures for the year ended December 31, 2019 related to the write down of the accrued interest on the Wananchi subordinated loan.

A financial income with the Company's equity holder of €180.2 million and €131.6 million was recognised in the statement of income for the year ended December 31, 2020 and December 31, 2019. The financial incomes for the year ended December 31, 2020 mainly composed of variations in the inefficient portion of the fair value of hedged derivative in Altice Financing with Altice France Holding, financial income in Altice Financing related to the recharge of the fee on the guarantee facility agreement to Altice Picture and other interest incomes with various entities in the Altice Group. For the year ended December 31, 2019, the financial income was mainly composed of interest incomes on loans and facility agreements with Altice Luxembourg, financial income in Altice Financing related to the recharge of the fee on the guarantee facility agreement to Altice Picture and other interest incomes with various entities in the Altice Group.

The loans and receivables with the Company's equity holder as of December 31, 2020 mainly related to receivables related to loans, advances, facility agreements and accrued interests with entities in the Altice Group. It mainly consisted of facility agreements with Altice Luxembourg of €1,594.8 million, Altice Group Lux of €510.7 million and Altice Corporate Financing of €356.5 million. The loans and receivables of associates and joint ventures as of December 31, 2020 mainly related to a subordinated loan with Wananchi. The loans and receivables with the Company's equity holder as of December 31, 2019 mainly related to receivables related to loans, advances, facility agreements and accrued interests with entities in the Altice Group. It mainly consisted of facility agreement with Altice Luxembourg of €1,076.0 million, advances and loan with Altice TV of €291.2 million and facility agreements with Altice Group Lux of €151.2 million. The loans and receivables of associates and joint ventures and with the Company's equity holder as of December 31, 2019 mainly related to:

- a loan granted to Fibroglobal - Comunicações Electrónicas that provides fibre network and infrastructure management services to PT Portugal; and
- a subordinated loan with Wananchi.

The trade receivables and other and the current accounts with the Company's equity holder as of December 31, 2020 mainly comprised of receivables in Altice Financing related to the recharge of the fee on the guarantee facility agreement to Altice Picture, prepaid expenses with Altice Luxembourg and trade receivables in PT Portugal with Altice France. The trade receivables and other and the current accounts of associates and joint ventures as of December 31, 2020 were mainly in Portugal:

- Altice - Associação de Cuidados de Saúde trade receivables related to the employee healthcare insurance in PT Portugal; and
- Sport TV trade receivables.

Other financial liabilities with the Company's equity holder as of December 31, 2020 mainly related to the MCN issued by the Company that were subscribed by Altice Luxembourg of €354.0 million (please refer to note 17.8.6), accrued interests related to MCN in the Company payable to Altice Luxembourg.

The trade payables and other and the current accounts with the Company's equity holder as of December 31, 2020 mainly related to trade payable to Altice N.V. for the fine imposed by the European Commission on the gun jumping investigation during the acquisition of PT Portugal (please refer to note 30.1.1), management fee payables to entities in the Altice Group and accounts payable in PT Portugal with Altice France and its subsidiaries. The trade payables and other of associates and joint ventures as of December 31, 2020 mainly related to trade payables and other in PT Portugal:

- Altice - Associação de Cuidados de Saúde, which provides healthcare insurance for the PT Portugal's active and retired employees; and
- Sport TV trade payable for broadcasting services of sport events.

28.2. Compensation of key management personnel and Board members

28.2.1. *Key management personnel*

Key management personnel include D. Okhuijsen and M. Corbin for 2020 and 2019. The total remuneration of key management personnel in aggregate during the year ended December 31, 2020 was €7.4 million and €4.8 million for the year ended December 31, 2019. The increase in the total remuneration compared to 2019 was attributed to the share based compensation expense. The remuneration of key management personnel for the years ended December 31, 2020 and December 31, 2019 was paid by Altice Europe and Altice Management International.

Directors' remuneration €	Fixed fee	Additional fee for services to the Group	Annual cash bonus & Discretionary one-time cash bonus[1]	Other benefits & LPP collective plan[2]	Committee fees	Cash settlement of USA part of stock option plans	Share-based expense	Total
2020	150,000	616,579	2,198,755	180,928	-	259,900	4,188,319	**7,383,980**
2019	150,000	387,054	3,600,000	285,298	-	69,192	558,046	**4,814,623**

1 Subject to the deduction of the contributions to be made to the LPP collective plan.
2 Including the amount contributed to the LPP collective plan that is deducted from the annual cash bonus or the cash performance bonus, as the case may be.

Key management personnel (€m)	Year ended December 31, 2020	Year ended December 31, 2019
Short-term benefits	2.8	4.1
Post-employment benefits	-	-
Other long-term benefits	-	-
Share-based expenses	4.5	0.7
Termination benefits	-	-
Total	**7.4**	**4.8**

29. Contractual obligations and commercial commitments

The Group has contractual obligations to various suppliers, customers and financial institutions that are summarized below. A detailed breakdown by operating entity is provided below. These contractual obligations listed below do not contain operating leases (detailed in note 20).

Unrecognised contractual commitments December 31, 2020	< 1 year	Between 1 and 2 years	Between 2 and 4 years	Five years or more	Total
Goods and service purchase commitments	555.7	215.5	271.1	200.0	**1,242.2**
Investment commitments	212.0	9.0	3.8	-	**224.8**
Guarantees given to suppliers/customers	82.1	6.8	0.8	75.8	**165.5**
Guarantees given to lenders	-	-	-	-	**-**
Guarantees given to government agencies	3.5	9.9	0.2	90.3	**103.8**
Indemnities related to sales of businesses	-	-	-	-	**-**
Other commitments	0.0	-	-	-	**0.0**
Total	**853.3**	**241.2**	**275.8**	**366.1**	**1,736.4**

Unrecognised contractual commitments December 31, 2019	< 1 year	Between 1 and 2 years	Between 2 and 4 years	Five years or more	Total
Goods and service purchase commitments	447.7	214.8	217.9	274.3	**1,154.7**
Investment commitments	136.8	5.0	4.6	0.3	**146.7**
Guarantees given to suppliers/customers	57.7	13.0	19.9	59.3	**149.8**
Guarantees given to lenders	0.9	0.1	0.1	-	**1.1**
Guarantees given to government agencies	8.8	-	4.6	66.9	**80.3**
Indemnities related to sales of businesses	-	-	-	-	**-**
Other commitments	-	-	-	-	-
Total	**651.8**	**232.9**	**247.0**	**400.9**	**1,532.6**

29.1. Commitment to purchase goods and services

Commitments to purchase goods and services mainly refer to long term contracts that different operating entities have with suppliers of goods and services that are used to provide services to end customers:

- PT Portugal: commitments amounting to a total of €990.7 million include commitments to purchase inventory (mainly mobile phones, set-top-boxes and home gateways), commitments for other services, primarily related to maintenance contracts as well as commitments under football-related content agreements, namely:
  - o agreements entered into in the end of 2015 for the acquisition of the exclusive broadcasting rights of home football games of several clubs (Porto, Vitória de Guimarães, Rio Ave, Boavista and Desportivo das Aves), including sponsorship agreement with Porto;
  - o an agreement entered into with the other Portuguese telecom operators in July 2016 for the reciprocal sharing of broadcasting rights of football-related content for an eight year period, in accordance with which the acquisition cost of such rights is split between all operators based on their market share and accordingly PT Portugal has commitments to pay a portion of the acquisition cost of the rights acquired

by its competitors based on PT Portugal's market share and is entitled to recharge other operators for a portion of the acquisition cost of its own exclusive rights based on the market share of such operators; and

   - a distribution agreement with the Portuguese sports premium channel (Sport TV) in July 2020, for a two-season period, in accordance with which PT Portugal is committed to pay a non-contingent fixed component.

- Israel: commitments amounted to €197.2 million including commitments to purchase content, mainly channels.

29.2. Investment commitments

The commitments this year mainly refer to commitments made by different Group companies to suppliers of tangible and intangible assets (including content capex).

29.3. Guarantees given to suppliers/customers

This caption mainly consists of guarantees given to suppliers or customers by different Group companies as part of the normal course of the companies concerned.

29.4. Guarantees given to financial institutions

This caption mainly consists of bank guarantees given by different Group companies during their business.

29.5. Guarantees given to government agencies

This caption mainly consists of guarantees given by different Group companies to government agencies as part of their regular operations. At PT Portugal, guarantees to government agencies for an amount of €90.3 million include bank guarantees related to tax litigation.

29.6. Other commitments and guarantees

This caption mainly consists of guarantees given by different Group companies during their business.

29.7. Other commitments

29.7.1. *Commitments linked to telecommunications activities in Portugal*

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

Band	Technology	Decisions	Start	End
800 MHz	4G (2 × 10 MHz)	Usage Rights for Terrestrial ECS ICP-ANACOM Nº 02/2012	March 9, 2012	March 9, 2027
900 MHz	2G/3G/ 4G (2 × 8 MHz)		February 28, 2007	March 16, 2022
1800 MHz	2G/4G (2 × 6 MHz)		February 28, 2007	March 16, 2022
	2G/4G (2 × 14 MHz)		March 9, 2012	March 9, 2027
2.1 GHz	3G/4G (2 × 20 MHz)		April 21, 2018	April 21, 2033
2.6 GHz	4G (2 × 20 MHz)		March 9, 2012	March 9, 2027

Historically, there were no costs upon renewals except for further coverage obligations. Furthermore, MEO pays spectrum fees based on the MHz acquired in the several auctions.

30. Litigation

In the normal course of its activities, the Group is accused in a certain number of governmental, arbitration and administrative lawsuits.

The Group is not aware of other disputes, arbitration, governmental or legal action or exceptional fact (including any legal action of which the Group is aware, which is outstanding or by which it is threatened) that may have been, or is in, progress during the last months and that has a significant effect on the financial position, the earnings, the activity and the assets of the Company and the Group, other than those described below.

This note describes the new proceedings and developments in existing litigations that have occurred since the publication of the consolidated financial statements for the financial year ended December 31, 2019 and that have had or that may have a significant effect on the financial position of the Group.

30.1. Portugal

30.1.1. *European Commission Investigation*

After having approved the acquisition of PT Portugal by the Group on April 20, 2015, the European Commission initiated an investigation into infringement by Altice Europe of the obligation of prior notification of concentrations under Article 4(1) of the Merger Regulation and/or of the stand-still obligation laid down in Article 7(1) of the Merger Regulation. The European Commission issued a statement of objections on May 18, 2017, informing Altice Europe of the objections raised against it.

On April 24, 2018, the European Commission notified Altice Europe of its decision to impose upon it two fines totalling €124.5 million. The Commission found that Altice Europe infringed the prior notification obligation of a concentration under Article 4(1) of the EU Merger Regulation, and the stand-still obligation under Article 7(1) of the EU Merger Regulation. Altice Europe fully disagrees with the Commission's decision, and in particular, it considers that this case differs entirely from the French Numéricable/Altice France/Virgin gun jumping case, in which the Altice Group had agreed not to challenge the allegations brought against it. In Altice Europe's opinion, the Commission's decision relies on a wrongful definition of the notion of "implementation" of a concentration. Further, the transaction agreement governing the management of the target during the pre-closing period provided Altice Europe with a consultation right on certain exceptional matters relating to PT Portugal aimed at preserving the value and integrity of the target prior to closing and was in accordance with well-established M&A market practice.

In any event, Altice Europe considers that the elements in the Commission's file do not establish the exercise of influence, as alleged by the Commission, by Altice Europe over PT Portugal's business conduct neither prior to the merger notification to the Commission nor prior to the Commission's clearance.

On July 5, 2018, Altice Europe filed an Application for annulment against the Commission's decision before the EU General Court to request that the decision as a whole be annulled or, at the very least, that the sanction be significantly reduced (Case T-425/18). The Commission's decision does not affect the approval granted by the European Commission on April 20, 2015 for the acquisition of PT Portugal by the Group.

On November 6, 2018, the Council of the European Union filed an Application to intervene in the case before the EU General Court. Both Altice Europe and the European Commission confirmed they had no observations to the Council's Application to intervene. The Council requested an extension of the time-limit to file its Statement of intervention. The Court granted that extension until February 25, 2019.

On November 30, 2018, the European Commission filed its Defence requesting the Court (1) to dismiss Altice Europe's Application and (2) to order Altice Europe to pay the costs. The said Defence was notified to Altice Europe on December 14, 2018. On December 20, 2018, Altice Europe requested an extension of one month to lodge its Reply. The extension was granted on January 4, 2019, until February 25, 2019.

On February 25, 2019, Altice Europe filed its Reply to the Commission's Defence adhering to the conclusions and orders sought in its Application for annulment.

On March 15, 2019, Altice Europe filed its observations on the Statement of intervention of the Council of the European Union, which essentially mirror the corresponding allegations in Altice Europe's Application and reply to the Commission's defence.

On March 18, 2019, Altice Europe received the copy of the Commission's observations on the Statement of intervention of the Council of the European Union, which merely state it does not have any observations, as its position and that of the Council of the European Union are aligned.

After an extension of the deadline, the Commission filed its Rejoinder to Altice Europe's reply on May 10, 2019.

The written phase of the procedure was closed. The President fixed a date on which the Judge-Rapporteur was to present a preliminary report to the General Court.

Altice Europe submitted a reasoned request for a hearing on May 29, 2019.

On March 10, 2020, Altice Europe received from the General Court an invitation addressed to all the parties to submit observations regarding the possible consequences of the Court of Justice of the European Union (CJEU) judgment on another case by March 25, 2020. On March 25, 2020, Altice Europe lodged its observations and reiterated its submission filed on May 29, 2019, regarding the importance of a hearing in the present case.

On March 23, 2020, the Commission and the Council of the European Union lodged their observations, which have been transmitted to Altice Europe on March 31, 2020. In essence, the Commission and the Council concluded by reiterating that Altice Europe's application should be rejected.

On June 3, 2020, Altice Europe received the decision from the General Court to open the oral part of the procedure. The hearing took place on September 24, 2020. On July 21, 2020, Altice Europe received the report for the hearing prepared by the Judge-Rapporteur summarizing the facts relied on and the arguments of each party and of the Council as the intervener.

On October 5, 2020, Altice Europe sent a letter to the General Court with some observations to respond to a question posed by the Judge Rapporteur during the Hearing.

On November 16, 2020, Altice Europe received the decision from the General Court to reopen the oral part of the procedure, to hear the other parties on Altice Europe's observations and to request the Commission to produce certain documents.

On December 10, 2020, Altice Europe received a copy of the Commission's and the Council's responses. It was invited by the General Court to submit any observations it might have on the Commission's reply. On January 7, 2021, Altice Europe sent its observations to the Commission's reply. On January 12, 2021, Altice Europe received the decision from the General Court to close the oral part of the procedure.

Altice Europe would expect a judgment in the first half of 2021.

As of December 31, 2020, a liability of €129.1 million (including accrued interest) is recorded at Altice Portugal, as it is the acquiring entity of PT Portugal. On July 25, 2018, the Altice Group issued a bank guarantee to the European Commission of €124.5 million (excluding accrued interest).

30.1.2. *Vodafone – Network Sharing Agreement*

Vodafone and PT Comunicações (currently MEO) signed, on July 21, 2014, an agreement for the acquisition of exclusive rights of use of the PON Network, which consisted in the possibility of access to the installed infrastructure owned by each of the parties to offer new generation services and integrated offerings (voice, internet and television) autonomously in the retail market. On November 4, 2015, MEO informed Vodafone that it has decided to individually develop a new, ambitious plan for the expansion of its fibre optic network, both in geographical areas already covered by a new generation network and in other geographical areas, while continuing to comply with the agreed. Notwithstanding, Vodafone states that this was a breach of the agreement and is claiming an amount of approximately €132 million from MEO for damages and losses allegedly caused by that non-compliance with the agreed.

MEO submitted its defence to these claims in June 2018, stating that (i) Vodafone did not have a contractual right to prevent MEO from developing its network autonomously and independently from the agreement, (ii) all of Vodafone rights, resulting from the agreement, were respected by MEO, and Vodafone was in no way limited by MEO in the investment in the construction of its own network, which it developed freely and voluntarily, choosing to invest where it found greater profitability for its business, and (iii) Vodafone´s claims for damages and losses were not factually sustainable.

A preliminary hearing took place in February 2019, following the Court asked experts to review information provided by Vodafone supporting its alleged damages and losses. The experts' report has been submitted to the Court, which in summary concludes that there are not enough elements allowing, with a certain level of reliability, to validate the amounts requested by Vodafone. At this stage, both parties are waiting for the Court to schedule the trial date.

30.1.3. *Optimus (currently NOS Comunicações) - Interconnection agreement*

This legal action is dated from 2001 and relates to the price that Telecomunicações Móveis Nacionais ("TMN", PT Portugal's mobile operation at that time) charged Optimus - Comunicações S.A. ("Optimus", one of MEO's mobile competitors at that time, currently NOS) for mobile interconnection services, price that Optimus did not agree with. TMN transferred to PT Comunicações (PT Portugal's fixed operation at that time, currently named MEO) the receivables from Optimus, and subsequently PT Comunicações offset those receivables with payables due to Optimus. NOS argues for the annulment of the offset made by PT Comunicações and accordingly claims from PT Comunicações the settlement of the payables due before the offset plus accrued interest. In August 2015, the Court decided that the transfer of the interconnection receivables from TMN to PT Comunicações and consequently the offset of those receivables with payables due by PT Comunicações to Optimus were not legal and therefore sentenced MEO to settle those payables plus interest up to date in the total amount of approximately €35 million. MEO appealed this decision in October 2015 to the Court of Appeal of Lisbon. In September 2016, MEO was notified of the decision from the Court of Appeal of Lisbon, which confirmed the initial ruling against MEO, as a result of which MEO decided to appeal to the Supreme Court. On March 13, 2017, MEO was notified of the Supreme Court's decision of dismissal of its appeal and as a result MEO decided to appeal to the Constitutional Court. In January 8, 2018, MEO was notified of the Constitutional Court decision of dismissal of the appeal, after which MEO appealed to the Constitutional Court Conference. MEO was notified that the Constitutional Court Conference did not accept and consequently will not analyse the appeal. In July 2018, MEO paid €41 million to settle the action which had been accrued for in 2015.

NOS claimed an additional amount of interests during the judicial procedure and is now claiming an additional payment of €5 million. The contestation of the legal action by MEO was submitted in February 2019. On May 8, 2020, MEO received the first instance sentence that totally absolves MEO of the request by NOS. NOS appealed to Higher Court that decided, on January 15, 2021, to condemn MEO in the total amount requested by NOS. MEO will appeal to the Supreme Court.

30.1.4. *Anacom litigation*

MEO has several outstanding proceedings filed from Anacom, for some of which MEO has not yet received formal condemnations. This litigation includes matters such as the violation of rules relating to portability, TDT, the non-compliance of obligations under the universal service (public phones) and regulated offers (ORAC). Historically, MEO paid amounts significantly lower than the administrative fines set by Anacom in final decisions. The initial value of the proceedings is normally set at the maximum applicable amount of the administrative fine until the final decision is formally issued.

30.1.5. *Zon TV Cabo Portugal – Violation of portability rules*

Zon TV Cabo Portugal (currently NOS) claims that MEO has not complied with the applicable rules for the portability of fixed numbers, as a result of which claims for an indemnity of €22 million corresponding to profits lost due to unreasonable rejections and the delay in providing the portability of the number. An expert indicated by each party and a third-party expert evaluated this matter and presented the final report to the Court, which decided to change the scope of the work to be performed by the experts, and accordingly the action moved back again. The experts presented the new final report to the Court in January 2019 and the final Court hearing is scheduled in April, 2021.

30.1.6. *Municipal taxes and rights-of-way*

Pursuant to a statute enacted on August 1, 1997, as an operator of a basic telecommunications network, MEO was exempt from municipal taxes and rights-of-way and other fees with respect to its network in connection with its obligations under the Concession. The Portuguese Government has advised MEO in the past that this statute confirmed the tax exemption under MEO's former Concession and that it will continue to take the necessary actions in order for MEO to maintain the economic benefits contemplated by the former Concession.

Law 5/2004, dated 10 February 2004, established a new rights-of-way regime in Portugal whereby each municipality may establish a fee, up to a maximum of 0.25% of each wireline services bill, to be paid by the customers of those wireline operators which network infra-structures are located in each such municipality. Meanwhile, Decree-Law 123/2009, dated 21 May 2009, clarified that no other tax should be levied by the municipalities in addition to the tax established by Law 5/2004. This interpretation was confirmed by the Supreme Administrative Court of Portugal in several legal actions. Some municipalities continue to perceive that the Law 5/2004 does not expressly revoke other taxes that the municipalities wish to establish, because Law 5/2004 is not applicable to the public municipality domain.

Currently, there are legal actions with some municipalities regarding this matter and some of the municipalities have initiated enforcement proceedings against MEO to demand the payment of those taxes.

30.1.7. *National Commission for Data Protection*

MEO has several outstanding proceedings filed by the National Commission for Data Protection (CNPD), for some of which MEO has not yet received formal condemnations. This litigation includes matters such as the violation of rules relating to marketing contact with clients and alleged non-compliance of obligations under the database of debtors to telecom operators.

Historically, MEO paid significantly lower (or even no amounts) of the administrative fines set by CNPD in final decisions. The initial value of the proceedings is normally set at the maximum applicable amount of the administrative fine until the final decision is formally issued.

30.1.8. *Portuguese Competition Authority investigation*

On December 20, 2019, MEO has received a Statement of Objections from the Portuguese Competition Authority regarding its preliminary view that both MEO and NOWO, which operates as a MVNO using MEO's network, were part of a cartel for market sharing and price fixing of mobile services, sold either on a standalone basis or in bundles of fixed and mobile telecommunications services. The Competition Authority concluded that this alleged illegal practice took place between 2017 and 2018. MEO firmly denies the existence of any cartel.

On February 19, 2020, MEO has submitted its written defence to the Statement of Objections, after which the Portuguese Competition Authority will decide whether to issue a condemnatory decision and in that case the amount of the fine. The decision to impose a fine will end the administrative procedure with MEO having the possibility of challenging this decision in court.

On 3 December 2020, the PCA notified MEO of its decision to impose upon it a fine of €84 million for market sharing and price fixing of mobile and fixed telecommunications services with NOWO. MEO fully disagrees with the PCA's unexpected. On January 18, 2021, MEO filed a judicial appeal against the decision before the Competition, Supervision and Regulation Court to request the decision to be annulled and to be acquitted of all charges. The risk associated with this contingency was classified as possible and accordingly no provision was recorded as of December 31, 2020.

30.1.9. *Portuguese Competition Authority investigation – Google AdWords*

On July 16, 2020, the Portuguese Competition Authority issued a Statement of Objections regarding its preliminary view that MEO, NOS – Comunicações, S.A. NOWO – Communications, S.A. and Vodafone Portugal – Comunicações Pessoas, S.A. were part of an agreement in accordance with which all those entities would not bid for certain key Google AdWords of the other operators, which in accordance with the Competition Authority is similar to an agreement to indirectly fix the acquisition price of certain Google AdWords related to the retail telecommunications market. The Competition Authority concluded that telecommunications operators distorted competition of the Portuguese online search advertising, between 2010 and 2018 in the case of MEO. The maximum fine applicable for this kind of infraction corresponds to 10% of the entity's turnover.

MEO submitted its written defense to the Statement of Objections on October 2, 2020 and will wait for the Portuguese Competition Authority decision. Due to the early stage of the process and little previous background in similar cases, management determined that it is difficult to reliably estimate the probability of the outcome of this case at this time, but it also believes that it is not more likely than not that an outflow of economic resources will be required with regards to this Statement of Objections from the Portuguese Competition Authority. As such, no provision was recognized as of December 31, 2020.

30.2. Israel

30.2.1. *Israel Consumer class action*

In June 2014, a claim and a motion to approve it as class action was filed at the Central District Court against HOT-Telecommunication Systems Ltd. and HOT Telecom (together "HOT"). The claim is based on the allegation that HOT violated its licenses terms by failing to meet the required standards for response times in its call centers and by failing to operate the call centers during the entire working hours as required. In addition, the claimants argue that HOT did not comply with the Consumer Protection Regulations regarding the operation of a call back service in its call centers. The amount of the claim was estimated by the claimants at €10.3 million. On August 26, 2017, the Court certified the motion to approve the claim as class action based on the causes described above. Following the Court's decision, the parties submitted their statements of claim and defense and preliminary proceedings were conducted. At the recommendation of the Court, the parties agreed to conduct mediation proceedings. The mediation is still in progress and a provision was recorded as of December 31, 2020 based on management’s estimation after consulting with the company's external legal attorneys.

31. Going concern

As of December 31, 2020, the Group had net current liability position of €560.8 million (mainly due to trade payables amounting to €1,371.6 million) and a positive working capital of €163.3 million. During the year ended December 31, 2020, the Group registered a net profit of €417.8 million from continuing operations and generated cash flows of €1,476.6 million from continuing operations.

As at December 31, 2020, the Group had a equity position of €736.0 million compared to a negative equity position of €541.7 million as at December 31, 2019. The equity position increased from the prior period mainly due to comprehensive profit recorded for the year ended December 31, 2020 and the positive impact of transactions with non-controlling interests during the twelve month period ended December 31, 2020. These positive impacts were partially offset by certain other transactions.

As of December 31, 2020, the Group’s short-term borrowings comprised mainly loans from lenders for Altice Financing of €17.8 million. As of December 31, 2019, the Group’s short-term borrowings amounted to €276.6 million. The short-term obligations are expected to be covered by the operating cash flows of the operating subsidiaries. As at December 31, 2020, the amount drawn on the revolving credit facilities at Altice Financing amounted to nil. A listing of available credit facilities is provided in note 17.7 and the amounts available are sufficient to cover the short-term debt and interest expense needs of each of these segments if needed. The expected interest payments for the 12 months period ending December 31, 2021 amount to approximately €311.3 million.

Given the above, the Board of Managers has considered the following elements in determining that the use of the going concern assumption is appropriate:

- The Group’s performance on Adjusted EBITDA and operating cash flows:
  - Adjusted EBITDA for the year ended December 31, 2020 amounted to €1,579.5 million, compared to an Adjusted EBITDA of €1,548.0 million for the year ended December 31, 2019.
  - Operating cash flows for the year ended December 31, 2020 were €1,476.6 million.
- The Group had unrestricted cash reserves of €354.0 million as of December 31, 2020, compared to €395.3 million as of December 31, 2019, which would allow it to cover any urgent cash needs. The Group can move its cash from one segment to another under certain conditions as allowed by the covenants under its various debentures and loan agreements. Cash reserves in operating segments carrying debt obligations were as follows:
  - the Company: €354.0 million.
- Additionally, as of December 31, 2020, the Group had access to revolving credit facilities of up to €538.0 million, of which nil was drawn as at December 31, 2020.

The Group’s senior executives track operational key operating measures (KPIs) on a weekly basis, thus tracking top line trends closely. This allows the Group’s senior executives and local CEOs to ensure proper alignment with budget targets and respond with speed and flexibility to counter any unexpected events and help to ensure that the budgeted targets are met.

On April 17, 2020, the Group closed the transaction to sell 49.99% interest in the Portuguese fibre business to Morgan Stanley Infrastructure Partners. On April 17, 2020, the Group received €1,573.1 million of proceeds from this transaction.

Regarding commitments, please refer to note 29 for more details.

On March 11, 2020, the COVID-19 outbreak was declared by the World Health Organization (WHO) as a global pandemic, highlighting the health risks of the disease. The COVID-19 pandemic had a limited impact on consolidated financial statements of the Group as of December 31, 2020 and for the twelve month period then ended. Although the situation continues to evolve, the Company expects that the COVID19 pandemic will have limited effects on the Group's operations and financial performance for future periods.

Management expects the available cash on hand at December 31, 2020 and the expected limited impact of COVID-19 on the Group's cash flows to be sufficient to continue the Group's operations and to repay all contractual obligations that fall due in the next 12 months. Accordingly, the Board of Managers is of the view that the Group will continue to act as a going concern for 12 months from the date of approval of these financial statements and has hence deemed it appropriate to prepare these consolidated financial statements using the going concern assumption.

32. Events after the reporting period

32.1. IBC acquisition Israel

On September 15, 2020, HOT announced that it has taken a minority stake in IBC Israel Broadband (IBC). Post-closing, HOT will become an equal partner in the IBC Partnership (that holds 70% of IBC's share capital), together with Cellcom and Israel Infrastructure Fund (IIF) and HOT will hold indirectly 23.3% of IBC's share capital, through an investment in the company of €44.6 million, substantially equal to the investment made by each of Cellcom and IIF. There is an agreement between IBC and HOT, under which HOT undertakes to purchase an indefeasible right, or IRU, to use IBC's fibre-optic network. There is also a service agreement between IBC and HOT, under which IBC undertakes to purchase certain services from HOT.

The transaction was closed on February 11, 2021 following the regulatory and third-party approvals.

32.2. Agreement on recommended all-cash offer for all common shares A and common shares B in the capital of Altice Europe by Next Private B.V

On September 11, 2020, Altice Europe and Next Private B.V. (the "Offeror"), a direct subsidiary of Next Alt, jointly announced that a conditional agreement had been reached on a recommended public offer (the "Offer") to be made by the Offeror for all common shares A and common shares B in the capital of Altice Europe for €4.11 in cash per share (cum dividend). This represented a total consideration of approximately €2.5 billion. On November 24, 2020, the Offer was launched. On December 16, 2020 the offer price was increased to €5.35 in cash per share (cum dividend). At the expiration of the Offer Period on January 21, 2021, the aggregate of shares tendered under the Offer and shares already held by the Offeror group represented approximately 95.11% of the number of listed shares of Altice Europe and approximately 92.02% of the total issued share capital of Altice Europe. On January 26, 2021 the Offeror delivered the offer price of €5.35 in cash per share (cum dividend) in respect of each tendered share and Altice Europe was delisted. On January 27, 2021, Altice Europe was merged with and into New Altice Europe B.V. ("Company Sub"), all assets, liabilities and legal relationships of Altice Europe were acquired by Company Sub and Altice Europe ceased to exist. On January 29, 2021, non-tendering shareholders were paid €5.35 per share.

32.3. Portugal restructuring plan

In connection with an ongoing transformation process of the Group in Portugal, in a severe context resulting not only from the COVID-19 pandemic but also from a hostile and troubled regulatory environment, some of the Group companies in Portugal have launched a voluntary employee reduction program in March 2021. This program is aimed at employees of 50 years old or more and those that decide to enroll in the program, subject to the companies' acceptance, have their employment agreements terminated and will be entitled to receive a monthly fixed compensation up to retirement age corresponding to a percentage of their previous remuneration. The deadline for employees to enroll in the program has already finished, but the selection process of the employees that will be allowed to terminate their employment agreements under this pre-retirement scheme is still ongoing. As a result of this program, a liability will be recognized corresponding to the present value of salaries payable up to retirement age to those employees that terminate their employment agreements under this pre-retirement scheme.

33. List of entities included in the scope of consolidation

The table on the following pages provides a list of all entities consolidated into the consolidated financial statements. The method of consolidation is provided; fully consolidated ("FC") or consolidated using the equity method ("EM"), as is the percentage of capital held by the Group and the entity's country of incorporation.

Name of subsidiary	Country of incorporation	Method of consolidation	Economic Interest
Altice International S.à r.l.	Luxembourg	Parent Entity	Parent Entity
Altice Africa S.à r.l.	Luxembourg	FC	100.0%
Altice Bahamas S.à r.l.	Luxembourg	FC	100.0%
Altice Caribbean S.à r.l.	Luxembourg	FC	100.0%
Altice Dominicana, S.A.	Dominican Republic	FC	100.0%
Altice Financing S.A.	Luxembourg	FC	100.0%
Altice Finco S.A.	Luxembourg	FC	100.0%
Altice Holdings S.à r.l.	Luxembourg	FC	100.0%
Altice Labs, S.A.	Portugal	FC	100.0%
ALTICE PAY, S.A. (Ex. Pt Pay, S.A.)	Portugal	FC	100.0%
Altice Portugal, S.A.	Portugal	FC	100.0%
Altice Teads S.A.	Luxembourg	FC	96.2%
Altice Technical Services S.A.	Luxembourg	FC	100.0%
Altice West Europe S.à r.l.	Luxembourg	FC	100.0%
Auberimmo S.A.S.	France	FC	100.0%
Auto Venda Já, S.A.	Portugal	EM	50.0%
Blueticket - Serviços de Bilhética, S.A.	Portugal	FC	51.0%
BRTLC Holding Lda (previously BRTLC Holding S.A.)	Portugal	FC	100.0%
BRTLC Media, Ltda. (previously Pt Multimédia.Com Brasil, Ltda.)	Portugal	FC	100.0%
Buzzef Middle East FZ-LLC (Dubai)	Morocco	FC	96.2%
Buzzeff Holding S.A.	Luxembourg	FC	96.2%
Buzzeff S.à r.l. (Morocco)	Morocco	FC	96.2%
Coditel Holding II S.à r.l.	Luxembourg	FC	100.0%
Coditel Holding S.A.	Luxembourg	FC	100.0%
Contact Cabo Verde - Telemarketing E Serviços De Informação, S.A.	Portugal	FC	100.0%
Cool Holdings Limited S.A.	Israel	FC	100.0%
Ericsson Inovação S.A.	Portugal	EM	49.0%
FASTFIBER - Infraestruturas de Comunicação, S.A.	Portugal	FC	50.0%
H. Hadaros 2012 Ltd	Israel	FC	100.0%
Hot Mobile Ltd	Israel	FC	100.0%
Hot Mobile Slika Ltd	Israel	FC	100.0%
Hot Net Internet Services Ltd	Israel	FC	100.0%
Hot Telecom Ltd	Israel	FC	100.0%
Hot Telecom Ltd Partnership	Israel	FC	100.0%
Hot Telecommunications Systems Ltd	Israel	FC	100.0%
Intelcia Portugal Inshore, S.A.	Portugal	FC	65.0%
Janela Digital-Informática E Telecomunicações, Lda	Portugal	EM	50.0%
Mcall Contact Center, S.A.	Portugal	FC	100.0%
MEO Energia - Comercialização de Energia, S.A.	Portugal	FC	80.0%
MEO - Serviços Técnicos de Redes de Comunicações Eletrónicas S.A.	Portugal	FC	100.0%
Meo-Serviços De Comunicações E Multimédia, S.A.	Portugal	FC	100.0%
NEW POST - Atividades e serviços de telecomunicações, de linha de apoio e de administração e operação de sistemas, A.C.E.	Portugal	FC	51.0%
OMT Ocean 4 S.A.S.	France	FC	100.0%
Open Idea, Tecnologias De Telecomunicações E Sistemas De Informação Lda (Angola)	Portugal	FC	100.0%
Open Labs Pesquisa E Desenvolvimento Ltda	Portugal	FC	100.0%
OpenLabs S.A. (Brazil) (previously Portugal Telecom Inovação Brasil, S.A.)	Portugal	FC	100.0%
OTR 2 S.à r.l.	Luxembourg	FC	100.0%
PHI Networks (2015) Limited Partnership	Israel	JO	50.0%
Portugal Telecom Data Center, S.A.	Portugal	FC	100.0%
Portugal Telecom Imobiliária, S.A.	Portugal	FC	100.0%
Previsão-Sociedade Gestora De Fundos De Pensões, S.A.	Portugal	FC	82.1%
Pt Blueclip -Serviços De Gestão, S.A.	Portugal	FC	100.0%
Pt Cloud E Data Centers, S.A.	Portugal	FC	100.0%
Pt Contact-Telemarketing E Serviços De Informação, S.A.	Portugal	FC	100.0%
PT Portugal, Sgps, S.A.	Portugal	FC	100.0%
Pt Prestações - Mandatária De Aquisições E Gestão De Bens, S.A.	Portugal	FC	100.0%

Pt Sales - Serviços De Telecomunicações E Sistemas De Informação, S.A.	Portugal	FC	100.0%
PT-Móveis-Serviços de Telecomunicações, SGPS, S.A.	Portugal	FC	100.0%
S.G.P.I.C.E. - Sociedade de Serviços de Gestão de Portais na Internet e de Consultoria de Empresas, S.A.	Portugal	EM	33.3%
Sadotel S.A.S.	Dominican Republic	FC	60.0%
Sport TV Portugal, S.A.	Portugal	EM	25.0%
Sportinvest Multimédia, Sgps, S.A.	Portugal	EM	50.0%
Sudtel Tecnologia S.A.	Portugal	FC	70.0%
TAT Ltd.	Israel	FC	51.0%
Teads Argentina S.A.	Argentina	FC	96.3%
Teads Australia PTY Ltd	Australia	FC	96.3%
Teads Brasil Solucoes Em Propaganda e Video Ltd	Brazil	FC	96.3%
Teads Canada Inc.	Canada	FC	96.3%
Teads Colombia S.A.S.	Colombia	FC	96.3%
Teads Deutschland GmbH	Germany	FC	96.3%
Teads Espana SLU	Spain	FC	96.3%
Teads France S.A.S.	France	FC	96.3%
Teads Hong-Kong Limited	Hong-Kong	FC	96.3%
Teads Inc.	USA	FC	96.3%
Teads Italia SRL	Italy	FC	96.3%
Teads Japan	Japan	FC	96.3%
Teads Korea	Korea	FC	96.3%
Teads Latam LLC	USA	FC	96.3%
Teads Ltd	UK	FC	96.3%
Teads Mexico SA de CV	Mexico	FC	96.3%
Teads NL B.V.	Netherlands	FC	96.3%
Teads Rus LLC	Russia	FC	96.3%
Teads S.A.	Luxembourg	FC	96.3%
Teads Schweiz Gmbh	Switzerland	FC	96.3%
Teads Sing. Pte	Singapore	FC	96.3%
Teads Studio Ltd	United Kingdom	FC	96.3%
Teads Studio SRL	Romania	FC	96.3%
Tnord S.A.	Portugal	FC	60.0%
Zira Ltd.	Israel	EM	20.0%

To the Board of Managers of
Altice International S.à r.l.
5, rue Eugène Ruppert
L-2453 Luxembourg
Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Opinion

We have audited the consolidated financial statements of Altice International S.à r.l. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of income, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "réviseur d'entreprises agréé" for the audit of the consolidated financial statements » section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 10 April 2020.

Responsibilities of the Board of Managers for the consolidated financial statements

The Board of Managers is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Managers determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Managers is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Managers either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "réviseur d'entreprises agréé" for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers.

— Conclude on the appropriateness of the Board of Managers' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Luxembourg, 30 March 2021

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

F. Leonardi