



# **The UPC Holding Group**

**Condensed Combined Financial Statements**  
**March 31, 2020**

**The UPC Holding Group**

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**The UPC Holding Group**  
**CONDENSED COMBINED BALANCE SHEETS**  
**(unaudited)**

	March 31, 2020	December 31, 2019
	in millions	
ASSETS		
Current assets:		
Cash and cash equivalents .....	€ 21.5	€ 22.1
Trade receivables, net .....	134.9	195.0
Related-party receivables (note 11) .....	382.2	411.8
Derivative instruments (note 5) .....	74.1	86.3
Other current assets (note 3) .....	49.4	49.2
Total current assets.....	662.1	764.4
Related-party receivables (note 11).....	227.9	247.7
Property and equipment, net (notes 7 and 9).....	1,567.2	1,574.2
Goodwill (note 7) .....	3,163.0	3,126.3
Derivative instruments (note 5).....	295.9	226.6
Other assets, net (notes 3, 7, 9 and 11).....	192.6	193.2
Total assets .....	€ 6,108.7	€ 6,132.4

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

**The UPC Holding Group**  
**CONDENSED COMBINED BALANCE SHEETS — (Continued)**  
**(unaudited)**

	March 31, 2020	December 31, 2019
	in millions	
LIABILITIES AND COMBINED EQUITY		
Current liabilities:		
Accounts payable (note 11).....	€ 216.6	€ 159.5
Deferred revenue (note 3) .....	166.1	191.5
Derivative instruments (note 5) .....	69.9	120.3
Current portion of debt and finance lease obligations (notes 8 and 9) .....	570.4	563.4
Other accrued and current liabilities (notes 9 and 11) .....	280.4	334.5
Total current liabilities.....	1,303.4	1,369.2
Long-term debt and finance lease obligations (notes 8 and 9).....	3,257.0	3,224.7
Derivative instruments (note 5).....	326.5	324.6
Other long-term liabilities (notes 3, 9 and 11) .....	154.0	165.4
Total liabilities.....	5,040.9	5,083.9
Commitments and contingencies (notes 5, 8, 10 and 12)		
Combined equity:		
Parent entities:		
Distributions and accumulated earnings in excess of contributions .....	147.9	157.3
Accumulated other comprehensive earnings, net of taxes .....	900.3	872.9
Total combined equity attributable to parent entities .....	1,048.2	1,030.2
Noncontrolling interests.....	19.6	18.3
Total combined equity .....	1,067.8	1,048.5
Total liabilities and combined equity .....	€ 6,108.7	€ 6,132.4

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

**The UPC Holding Group**  
**CONDENSED COMBINED STATEMENTS OF OPERATIONS**  
**(unaudited)**

	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2020</b>	<b>2019 (a)</b>
	<b>in millions</b>	
Revenue (notes 3, 11 and 13).....	€ 395.6	€ 383.2
Operating costs and expenses (exclusive of depreciation and amortization, shown separately below):		
Programming and other direct costs of services (note 11) .....	105.2	83.5
Other operating (note 11) .....	57.0	55.3
Selling, general and administrative (SG&A) (note 11).....	66.3	64.9
Related-party fees and allocations, net (note 11).....	60.5	39.3
Depreciation and amortization .....	90.2	84.5
Impairment, restructuring and other operating items, net .....	12.2	1.0
	<u>391.4</u>	<u>328.5</u>
Operating income.....	<u>4.2</u>	<u>54.7</u>
Non-operating income (expense):		
Interest expense (note 11) .....	(42.1)	(65.5)
Interest income (note 11) .....	4.9	8.6
Realized and unrealized gains on derivative instruments, net (note 5) .....	81.2	47.8
Foreign currency transaction losses, net.....	(37.4)	(62.7)
Losses on debt extinguishment, net (note 8) .....	(32.5)	—
Other income (expense), net.....	(0.1)	1.8
	<u>(26.0)</u>	<u>(70.0)</u>
Loss from continuing operations before income taxes.....	(21.8)	(15.3)
Income tax expense (note 10) .....	(6.3)	(13.0)
Loss from continuing operations.....	(28.1)	(28.3)
Earnings from discontinued operations, net of taxes (note 4).....	—	34.0
Net earnings (loss).....	(28.1)	5.7
Net earnings attributable to noncontrolling interests .....	(0.8)	(0.9)
Net earnings (loss) attributable to parent entities.....	<u>€ (28.9)</u>	<u>€ 4.8</u>

(a) As retrospectively revised, see note 4.

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

**The UPC Holding Group**  
**CONDENSED COMBINED STATEMENTS OF COMPREHENSIVE EARNINGS (LOSS)**  
**(unaudited)**

	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2020</b>	<b>2019 (a)</b>
	<b>in millions</b>	
Net earnings (loss) .....	€ (28.1)	€ 5.7
Other comprehensive earnings (loss), net of taxes:		
Continuing operations:		
Foreign currency translation adjustments .....	27.8	(0.1)
Pension-related adjustments and other .....	(0.4)	(0.4)
Other comprehensive earnings (loss) from continuing operations .....	27.4	(0.5)
Other comprehensive loss from discontinued operations .....	—	(0.2)
Other comprehensive earnings (loss) .....	27.4	(0.7)
Comprehensive earnings (loss) .....	(0.7)	5.0
Comprehensive earnings attributable to noncontrolling interests .....	(0.8)	(0.9)
Comprehensive earnings (loss) attributable to parent entities .....	€ (1.5)	€ 4.1

(a) As retrospectively revised, see note 4.

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

**The UPC Holding Group**  
**CONDENSED COMBINED STATEMENTS OF EQUITY**  
**(unaudited)**

	Parent entities				
	Distributions and accumulated earnings (losses) in excess of contributions	Accumulated other comprehensive earnings, net of taxes	Total combined equity (deficit) attributable to parent entities	Non-controlling interests	Total combined equity (deficit)
	in millions				
Balance at January 1, 2019, before effect of accounting change (a) .....	€ (1,740.1)	€ 783.5	€ (956.6)	€ 18.6	€ (938.0)
Impact of ASU No. 2016-02, <i>Leases</i> .....	1.7	—	1.7	—	1.7
Balance at January 1, 2019, as adjusted for accounting change.....	(1,738.4)	783.5	(954.9)	18.6	(936.3)
Net earnings .....	4.8	—	4.8	0.9	5.7
Other comprehensive loss, net of taxes.....	—	(0.7)	(0.7)	—	(0.7)
Distribution in connection with the UPC Transfers (note 4) .....	1,778.1	—	1,778.1	—	1,778.1
Share-based compensation (note 11) .....	4.9	—	4.9	—	4.9
Deemed contribution of technology-related services (note 11) .....	3.5	—	3.5	—	3.5
Capital charge in connection with the exercise or vesting of share-based incentive awards (note 11)...	(0.8)	—	(0.8)	—	(0.8)
Other, net.....	3.8	—	3.8	0.1	3.9
Balance at March 31, 2019.....	€ 55.9	€ 782.8	€ 838.7	€ 19.6	€ 858.3

(a) As retrospectively revised, see note 4.

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

**The UPC Holding Group**  
**CONDENSED COMBINED STATEMENTS OF EQUITY — (Continued)**  
**(unaudited)**

	Parent entities				
	Distributions and accumulated earnings in excess of contributions	Accumulated other comprehensive earnings, net of taxes	Total combined equity attributable to parent entities	Non- controlling interests	Total combined equity
	in millions				
Balance at January 1, 2020.....	€ 157.3	€ 872.9	€ 1,030.2	€ 18.3	€ 1,048.5
Net loss.....	(28.9)	—	(28.9)	0.8	(28.1)
Other comprehensive earnings, net of taxes .....	—	27.4	27.4	—	27.4
Deemed contribution of technology-related services (note 11) .....	13.1	—	13.1	—	13.1
Share-based compensation (note 11) .....	2.7	—	2.7	—	2.7
Capital charge in connection with the exercise or vesting of share-based incentive awards (note 11)...	(0.5)	—	(0.5)	—	(0.5)
Other, net.....	4.2	—	4.2	0.5	4.7
Balance at March 31, 2020.....	<u>€ 147.9</u>	<u>€ 900.3</u>	<u>€ 1,048.2</u>	<u>€ 19.6</u>	<u>€ 1,067.8</u>

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

**The UPC Holding Group**  
**CONDENSED COMBINED STATEMENTS OF CASH FLOWS**  
**(unaudited)**

	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2020</b>	<b>2019 (a)</b>
	<b>in millions</b>	
Cash flows from operating activities:		
Net earnings (loss) .....	€ (28.1)	€ 5.7
Earnings from discontinued operations .....	—	34.0
Loss from continuing operations .....	(28.1)	(28.3)
Adjustments to reconcile loss from continuing operations to net cash provided by operating activities of continuing operations:		
Share-based compensation expense .....	3.9	4.8
Related-party fees and allocations, net.....	60.5	39.3
Depreciation and amortization .....	90.2	84.5
Impairment, restructuring and other operating items, net .....	12.2	1.0
Realized and unrealized gains on derivative instruments, net .....	(81.2)	(47.8)
Foreign currency transaction losses, net .....	37.4	62.7
Losses on debt extinguishment, net .....	32.5	—
Deferred income tax expense (benefit) .....	(0.5)	3.0
Changes in operating assets and liabilities, net of the effects of acquisitions and dispositions ..	(16.3)	21.4
Net cash provided by operating activities of continuing operations .....	110.6	140.6
Net cash provided by operating activities of discontinued operations .....	—	55.2
Net cash provided by operating activities .....	110.6	195.8
Cash flows from investing activities:		
Capital expenditures, net .....	(57.8)	(94.9)
Repayments from related parties, net .....	31.7	143.8
Other investing activities, net .....	(1.5)	0.5
Net cash provided (used) by investing activities of continuing operations .....	(27.6)	49.4
Net cash used by investing activities of discontinued operations .....	—	(17.5)
Net cash provided (used) by investing activities .....	€ (27.6)	€ 31.9

(a) As retrospectively revised, see note 4.

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

**The UPC Holding Group**  
**CONDENSED COMBINED STATEMENTS OF CASH FLOWS — (Continued)**  
**(unaudited)**

	<b>Three months ended March 31,</b>	
	<b>2020</b>	<b>2019 (a)</b>
	<b>in millions</b>	
Cash flows from financing activities:		
Repayments and repurchases of third-party debt and finance lease obligations .....	€ (1,092.2)	€ (29.3)
Borrowings of third-party debt .....	1,069.6	16.8
Net cash paid related to derivative instruments .....	(27.8)	(4.2)
Advances to related parties .....	—	(200.5)
Other financing activities, net .....	(31.6)	9.1
Net cash used by financing activities of continuing operations .....	(82.0)	(208.1)
Net cash used by financing activities of discontinued operations .....	—	(10.8)
Net cash used by financing activities .....	(82.0)	(218.9)
Effect of exchange rate changes on cash and cash equivalents and restricted cash:		
Continuing operations .....	(1.7)	13.0
Discontinued operations .....	—	(11.3)
Total .....	(1.7)	1.7
Net increase (decrease) in cash and cash equivalents and restricted cash:		
Continuing operations .....	(0.7)	(5.1)
Discontinued operations .....	—	15.6
Total .....	(0.7)	10.5
Cash and cash equivalents and restricted cash:		
Beginning of period .....	23.0	13.7
End of period .....	€ 22.3	€ 24.2
Cash paid for interest – third-party:		
Continuing operations .....	€ 84.7	€ 94.6
Discontinued operations .....	—	1.0
Total .....	€ 84.7	€ 95.6
Net cash paid for taxes:		
Continuing operations .....	€ 0.8	€ 4.0
Discontinued operations .....	—	1.8
Total .....	€ 0.8	€ 5.8
Details of end of period cash and cash equivalents and restricted cash:		
Cash and cash equivalents .....	€ 21.5	€ 23.4
Restricted cash included in other current assets and other assets, net .....	0.8	0.8
Total cash and cash equivalents and restricted cash .....	€ 22.3	€ 24.2

(a) As retrospectively revised, see note 4.

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

**The UPC Holding Group**  
**Notes to Condensed Combined Financial Statements**  
**March 31, 2020**  
**(unaudited)**

**(1) Basis of Presentation**

UPC Holding B.V. (**UPC Holding**), UPC Slovakia Holding I B.V. (**UPC Slovakia**) and UPC Poland Holding B.V. (**UPC Poland**) are wholly-owned subsidiaries of Liberty Global plc (**Liberty Global**). The accompanying condensed combined financial statements include the historical financial information of UPC Holding and its subsidiaries, UPC Slovakia and its subsidiaries (**Slovakia**) and UPC Poland and its subsidiaries (**Poland**) (collectively, the **UPC Holding Group**).

Prior to certain internal reorganization transactions completed by Liberty Global, Slovakia and Poland were wholly-owned subsidiaries of UPC Holding. In connection with these reorganization transactions, Slovakia and Poland were acquired by other subsidiaries of Liberty Global outside of the UPC Holding Group, herein referred to as “the **Slovakia Transaction**” and “the **Poland Transaction**”, respectively. We accounted for the Slovakia Transaction and the Poland Transaction as common control transfers at historical cost. Following these transactions, Slovakia and Poland remain restricted subsidiaries for purposes of the facilities agreement and bond indentures governing the debt of the UPC Holding Group. Accordingly, the accompanying financial statements are prepared in order to comply with the facilities agreement and bond indentures governing the debt of the UPC Holding Group on a combined basis as a result of these changes in reporting entities. In these notes, the terms “we,” “our,” “our company” and “us” may refer, as the context requires, to the UPC Holding Group.

As of March 31, 2020, our continuing operations comprise businesses that provide (i) residential and business-to-business (**B2B**) communications services in Switzerland, Poland and Slovakia and (ii) mobile services in Switzerland and Poland.

Through July 31, 2019, we provided residential and B2B communication services in Hungary, the Czech Republic and Romania. In addition, through May 2, 2019, we provided direct-to-home satellite (**DTH**) services to residential customers in Hungary, the Czech Republic, Romania and Slovakia through a Luxembourg-based organization that we refer to as “**UPC DTH**”. Accordingly, in the accompanying condensed combined statements of operations and cash flows, our operations in Hungary, the Czech Republic and Romania and the operations of UPC DTH are presented as discontinued operations for the three months ended March 31, 2019. For additional information regarding these dispositions, see note 4.

During the fourth quarter of 2019, we completed (i) the LG Services Transfer and (ii) the UPC France Transfer (each as defined and described in note 4, and together, the **UPC Transfers**). As the UPC Transfers constitute transactions between entities under common control, we have reflected these transfers at carryover basis and the applicable prior period information has been retrospectively revised to give effect to these transactions for all periods presented.

Unless otherwise indicated, the amounts presented in these notes relate only to our continuing operations.

Our unaudited condensed combined financial statements have been prepared in accordance with accounting principles generally accepted in the United States (**GAAP**) and do not include all of the information required by GAAP for complete financial statements. In the opinion of management, these financial statements reflect all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the results of operations for the interim periods presented. The results of operations for any interim period are not necessarily indicative of results for the full year. These unaudited condensed combined financial statements should be read in conjunction with the combined financial statements and notes thereto included in our 2019 annual report.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates and assumptions are used in accounting for, among other things, the valuation of acquisition-related assets and liabilities, allowances for uncollectible accounts, certain components of revenue, programming and copyright costs, deferred income taxes and related valuation allowances, loss contingencies, fair value measurements, impairment assessments, capitalization of internal costs associated with construction and installation activities, lease terms, useful lives of long-lived assets, share-based compensation and actuarial liabilities associated with certain benefit plans. Actual results could differ from those estimates.

Unless otherwise indicated, ownership percentages and convenience translations into euros are calculated as of March 31, 2020.

**The UPC Holding Group**  
**Notes to Condensed Combined Financial Statements — (Continued)**  
**March 31, 2020**  
**(unaudited)**

Certain prior period amounts have been reclassified to conform to the current period presentation.

These unaudited condensed combined financial statements reflect our consideration of the accounting and disclosure implications of subsequent events through May 27, 2020, the date of issuance.

**(2) Accounting Changes and Recent Accounting Pronouncements**

***Accounting Changes***

***ASU 2018-15***

In August 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-15, *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract* (ASU 2018-15), which requires entities to defer implementation costs incurred that are related to the application development stage in a cloud computing arrangement that is a service contract. ASU 2018-15 requires deferred implementation costs to be amortized over the term of the cloud computing arrangement and presented in the same expense line item as the cloud computing arrangement. All other implementation costs are generally expensed as incurred. We adopted ASU 2018-15 on January 1, 2020 on a prospective basis. As a result of the adoption of ASU 2018-15, (i) certain implementation costs that were previously expensed as incurred are now deferred as prepaid expenses and amortized over the term of the cloud computing arrangement and (ii) certain costs associated with developing interfaces between a cloud computing arrangement and internal-use software that were previously capitalized as property and equipment are now deferred as prepaid expenses and amortized over the term of the cloud computing arrangement. The adoption of ASU 2018-15 did not have a significant impact on our combined financial statements.

***ASU 2019-02***

In March 2019, the FASB issued ASU No. 2019-02, *Improvements to Accounting for Costs of Films and License Agreements for Program Materials* (ASU 2019-02), which aligns the accounting for production costs of an episodic television series with the accounting for production costs of films. ASU 2019-02 removes the existing constraint that restricts capitalization of production costs to contracted revenue for episodic television series. The amended guidance also permits entities to test a film or license agreement for impairment at the film group level, addresses cash flow classification and provides new disclosure requirements. We adopted ASU 2019-02 on January 1, 2020 on a prospective basis. The adoption of ASU 2019-02 did not have a significant impact on our combined financial statements.

***ASU 2016-13***

In June 2016, the FASB issued ASU No. 2016-13, *Measurement of Credit Losses on Financial Statements* (ASU 2016-13), which changes the recognition model for credit losses related to assets held at amortized cost. ASU 2016-13 eliminates the threshold that a loss must be considered probable to recognize a credit loss and instead requires an entity to reflect its current estimate of lifetime expected credit losses. We adopted ASU 2016-13 on January 1, 2020 on a modified retrospective basis. The adoption of ASU 2016-13 did not have a significant impact on our combined financial statements.

***Recent Accounting Pronouncements***

***ASU 2019-12***

In December 2019, the FASB issued ASU No. 2019-12, *Simplifying the Accounting for Income Taxes* (ASU 2019-12), which is intended to improve consistency and simplify several areas of existing guidance. ASU 2019-12 removes certain exceptions to the general principles related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. The new guidance also clarifies the accounting for transactions that result in a step-up in the tax basis of goodwill. ASU 2019-12 is effective for annual reporting periods beginning after December 15, 2021, including interim periods within those fiscal years, with early adoption permitted. We are currently evaluating the effect that ASU 2019-12 will have on our combined financial statements.

**The UPC Holding Group**  
**Notes to Condensed Combined Financial Statements — (Continued)**  
**March 31, 2020**  
**(unaudited)**

**(3) Revenue Recognition and Related Costs**

***Contract Balances***

The timing of our recognition of revenue may differ from the timing of invoicing our customers. We record a trade receivable when we have transferred goods or services to a customer but have not yet received payment. Our trade receivables are reported net of an allowance for doubtful accounts. Such allowance aggregated €3.6 million and €3.7 million at March 31, 2020 and December 31, 2019, respectively.

If we transfer goods or services to a customer but do not have an unconditional right to payment, we record a contract asset. Contract assets typically arise from the uniform recognition of introductory promotional discounts over the contract period and accrued revenue for handset sales. Our contract assets were €6.0 million and €5.9 million as of March 31, 2020 and December 31, 2019, respectively. The current and long-term portions of our contract asset balances are included within other current assets and other assets, net, respectively, on our condensed combined balance sheets.

We record deferred revenue when we receive payment prior to transferring goods or services to a customer. We primarily defer revenue for (i) installation and other upfront services and (ii) other services that are invoiced prior to when services are provided. Our deferred revenue balances were €167.9 million and €193.4 million as of March 31, 2020 and December 31, 2019, respectively. The decrease in deferred revenue for the three months ended March 31, 2020 is primarily due to €66.0 million of revenue recognized that was included in our deferred revenue balance at December 31, 2019, partially offset by advanced billings recorded in the period. The long-term portions of our deferred revenue balances are included within other long-term liabilities on our condensed combined balance sheets.

***Contract Costs***

Our aggregate assets associated with incremental costs to obtain our contracts were €18.2 million and €19.4 million at March 31, 2020 and December 31, 2019, respectively. The current and long-term portions of our assets related to contract costs are included within other current assets and other assets, net, respectively, on our condensed combined balance sheets. We amortized €8.4 million and €4.6 million during the three months ended March 31, 2020 and 2019, respectively, to operating costs and expenses related to these assets.

***Unsatisfied Performance Obligations***

A large portion of our revenue is derived from customers who are not subject to contracts. Revenue from customers who are subject to contracts is generally recognized over the term of such contracts, which is typically 12 months for our residential service contracts, one to three years for our mobile service contracts and one to five years for our B2B service contracts.

**The UPC Holding Group**  
**Notes to Condensed Combined Financial Statements — (Continued)**  
**March 31, 2020**  
**(unaudited)**

**(4) Dispositions and Common Control Transfers**

***Common Control Transfers***

During the fourth quarter of 2019, we completed (i) the transfer of Liberty Global Services B.V. (**LG Services B.V.**) from our company to another subsidiary of Liberty Global outside of the UPC Holding Group (the **LG Services Transfer**) and (ii) the transfer of UPC France Holding B.V. and its subsidiaries (**UPC France**) from our company to another subsidiary of Liberty Global outside of the UPC Holding Group (the **UPC France Transfer**), collectively referred to herein as the “**UPC Transfers**”. As the UPC Transfers constitute transactions between entities under common control, we have reflected these transfers at carryover basis and the applicable prior period information has been retrospectively revised to give effect to these transactions for all periods presented.

The UPC Transfers comprised the transfer of (i) 100% of the shares of LG Services B.V. and (ii) 100% of the shares of UPC France. The impact of the UPC Transfers for the three months ended March 31, 2019 was a €1,778.1 million non-cash increase to equity.

The following table sets forth the retrospective effects of the UPC Transfers on our operating results for the three months ended March 31, 2019. These amounts exclude intercompany revenue and expenses that are eliminated within our condensed combined statements of operations.

	As previously reported	LG Services Transfer	UPC France Transfer	As retrospectively revised
	<b>in millions</b>			
Operating income .....	€ 54.3	€ 0.3	€ 0.1	€ 54.7
Non-operating expense, net .....	€ (77.5)	€ 1.1	€ 6.4	€ (70.0)
Net earnings (loss) .....	€ (1.1)	€ 0.2	€ 6.6	€ 5.7
Net earnings (loss) attributable to parent entities .....	€ (2.0)	€ 0.2	€ 6.6	€ 4.8

***Dispositions***

***Vodafone Disposal Group***

On July 31, 2019, Liberty Global CEE Group Holding B.V. (**LG CEE Group Holding**) completed the sale of its operations in Romania, Hungary, and the Czech Republic (collectively referred to herein as the “**Vodafone Disposal Group**”) to Vodafone Group plc (**Vodafone**) and certain of its subsidiaries. Just prior to completion of the sale, LG CEE Group Holding and the Vodafone Disposal Group were distributed out of the UPC Holding Group to another subsidiary of Liberty Global (the **Vodafone Group Distribution**) and therefore are no longer included within the UPC Holding Group. The distribution was accounted for at carryover basis as a transaction under common control. As the Vodafone Disposal Group was already presented as a discontinued operation and LG CEE Group Holding did not have any material activity, other than certain intercompany transactions with other entities of the UPC Holding Group, we did not give retrospective effect to the Vodafone Group Distribution in our condensed combined financial statements. As such, the results and cash flows of the Vodafone Disposal Group (presented as a discontinued operation) and LG CEE Group Holding (presented as a continuing operation) are included in our condensed combined financial statements through July 31, 2019.

***UPC DTH***

On May 2, 2019, UPC DTH Holding B.V. (**UPC DTH Holding**) completed the sale of UPC DTH to M7 Group. Just prior to completion of the sale, UPC DTH Holding and UPC DTH were distributed out of the UPC Holding Group to another subsidiary of Liberty Global (the **UPC DTH Distribution**) and therefore are no longer included within the UPC Holding Group. As a result of the UPC DTH Distribution, the results of the sale of UPC DTH are not reflected in our condensed combined financial statements. The distribution was accounted for at carryover basis as a transaction under common control. As UPC DTH and UPC DTH Holding were already presented as discontinued operations, we did not give retrospective effect to the UPC DTH Distribution in our condensed combined financial statements.

**The UPC Holding Group**  
**Notes to Condensed Combined Financial Statements — (Continued)**  
**March 31, 2020**  
**(unaudited)**

***Presentation of Discontinued Operations***

The operations of the Vodafone Disposal Group and UPC DTH are presented as discontinued operations in our condensed combined statements of operations and cash flows for the three months ended March 31, 2019, as summarized in the following table. These amounts exclude intercompany revenue and expenses that are eliminated within our condensed combined statement of operations.

	<b>Vodafone Disposal Group (a)</b>	<b>UPC DTH</b>	<b>Total</b>
		<b>in millions</b>	
Revenue .....	€ 141.2	€ 24.4	€ 165.6
Operating income .....	€ 33.7	€ 7.0	€ 40.7
Earnings before income taxes.....	€ 31.7	€ 5.9	€ 37.6
Income tax expense .....	(3.6)	—	(3.6)
Net earnings attributable to parent entities.....	€ 28.1	€ 5.9	€ 34.0

(a) As retrospectively revised.

**The UPC Holding Group**  
**Notes to Condensed Combined Financial Statements — (Continued)**  
**March 31, 2020**  
**(unaudited)**

**(5) Derivative Instruments**

In general, we enter into derivative instruments to protect against (i) increases in the interest rates on our variable-rate debt and (ii) foreign currency movements, particularly with respect to borrowings that are denominated in a currency other than the functional currency of the borrowing entity. In this regard, through our combined entities, we have entered into various derivative instruments to manage interest rate exposure and foreign currency exposure primarily with respect to the United States (U.S.) dollar (\$), the euro (€), the Swiss franc (CHF) and the Polish zloty (PLN). We do not apply hedge accounting to our derivative instruments. Accordingly, changes in the fair values of our derivative instruments are recorded in realized and unrealized gains or losses on derivative instruments, net, in our condensed combined statements of operations.

The following table provides details of the fair values of our derivative instrument assets and liabilities:

	March 31, 2020			December 31, 2019		
	Current	Long-term	Total	Current	Long-term	Total
	in millions					
Assets:						
Cross-currency and interest rate derivative contracts (a).....	€ 72.0	€ 295.8	€ 367.8	€ 83.1	€ 226.2	€ 309.3
Foreign currency forward and option contracts .....	2.1	—	2.1	2.7	—	2.7
Other .....	—	0.1	0.1	0.5	0.4	0.9
Total.....	€ 74.1	€ 295.9	€ 370.0	€ 86.3	€ 226.6	€ 312.9
Liabilities:						
Cross-currency and interest rate derivative contracts (a).....	€ 69.1	€ 326.4	€ 395.5	€ 120.3	€ 324.6	€ 444.9
Foreign currency forward and option contracts .....	0.6	—	0.6	—	—	—
Other .....	0.2	0.1	0.3	—	—	—
Total.....	€ 69.9	€ 326.5	€ 396.4	€ 120.3	€ 324.6	€ 444.9

- (a) We consider credit risk relating to our and our counterparties' nonperformance in the fair value assessment of our derivative instruments. In all cases, the adjustments take into account offsetting liability or asset positions. The changes in the credit risk valuation adjustments associated with our cross-currency and interest rate derivative contracts resulted in a net gain (loss) of €30.7 million and (€28.7 million) during the three months ended March 31, 2020 and 2019, respectively. These amounts are included in realized and unrealized gains on derivative instruments, net, in our condensed combined statements of operations. For further information regarding our fair value measurements, see note 6.

The details of our realized and unrealized gains on derivative instruments, net, are as follows:

	Three months ended March 31,	
	2020	2019
	in millions	
Cross-currency and interest rate derivative contracts.....	€ 80.9	€ 57.9
Foreign currency forward and option contracts.....	1.2	(10.3)
Other .....	(0.9)	0.2
Total .....	€ 81.2	€ 47.8

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The net cash received or paid related to our derivative instruments is classified as an operating, investing or financing activity in our condensed combined statements of cash flows based on the objective of the derivative instrument and the classification of the applicable underlying cash flows. For derivative contracts that are terminated prior to maturity, the cash paid or received upon termination that relates to future periods is classified as a financing activity. The following table sets forth the classification of the net cash outflows of our derivative instruments:

	<b>Three months ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
	<b>in millions</b>	
Operating activities .....	€ 3.3	€ (4.5)
Financing activities .....	(27.8)	(4.2)
Total.....	€ (24.5)	€ (8.7)

***Counterparty Credit Risk***

We are exposed to the risk that the counterparties to our derivative instruments will default on their obligations to us. We manage these credit risks through the evaluation and monitoring of the creditworthiness of, and concentration of risk with, the respective counterparties. In this regard, credit risk associated with our derivative instruments is spread across a relatively broad counterparty base of banks and financial institutions. Collateral is generally not posted by either party under our derivative instruments. At March 31, 2020, our exposure to counterparty credit risk included derivative assets with an aggregate fair value of €107.7 million.

**Details of our Derivative Instruments**

In the following tables, we present the details of the various categories of our derivative instruments, all of which are held by our subsidiary, UPC Switzerland Holding B.V.

***Cross-currency Derivative Contracts***

We generally match the denomination of our borrowings with the functional currency of the supporting operations or, when it is more cost effective, we provide for an economic hedge against foreign currency exchange rate movements by using derivative instruments to synthetically convert unmatched debt into the applicable underlying currency. At March 31, 2020, substantially all of our debt was either directly or synthetically matched to the applicable functional currencies of the underlying operations. The following table sets forth the total notional amounts and the related weighted average remaining contractual lives of our cross-currency swap contracts at March 31, 2020:

<b>Notional amount due from counterparty</b>		<b>Notional amount due to counterparty</b>		<b>Weighted average remaining life</b>
<b>in millions</b>		<b>in millions</b>		<b>in years</b>
\$	360.0	€	267.9	5.5
\$	1,600.0	CHF	1,476.1 (a)	6.2
€	2,618.3	CHF	2,941.4 (a)	4.4
€	707.0	PLN	2,999.5	1.8

- (a) Includes certain derivative instruments that are “forward-starting,” such that the initial exchange occurs at a date subsequent to March 31, 2020. These instruments are typically entered into in order to extend existing hedges without the need to amend existing contracts.

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***Interest Rate Swap Contracts***

The following table sets forth the total euro equivalents of the notional amounts and the related weighted average remaining contractual lives of our interest rate swap contracts at March 31, 2020:

Pay fixed rate			Receive fixed rate		
Notional amount (a)	Weighted average remaining life		Notional amount	Weighted average remaining life	
in millions	in years		in millions	in years	
€ 8,612.4	4.0		€ 4,119.2	5.7	

(a) Includes forward-starting derivative instruments.

***Interest Rate Swap Options***

From time to time, we enter into interest rate swap options (**swaptions**), which give us the right, but not the obligation, to enter into certain interest rate swap contracts at set dates in the future. Such contracts typically have a life of no more than three years. At March 31, 2020, the option expiration period on each of our swaptions had expired.

***Basis Swaps***

Our basis swaps involve the exchange of attributes used to calculate our floating interest rates, including (i) the benchmark rate, (ii) the underlying currency and/or (iii) the borrowing period. We typically enter into these swaps to optimize our interest rate profile based on our current evaluations of yield curves, our risk management policies and other factors. At March 31, 2020, the total euro equivalent of the notional amounts due from the counterparty was €638.1 million and the related weighted average remaining contractual life of our basis swap contracts was 0.8 years.

***Interest Rate Caps, Floors and Collars***

From time to time, we enter into interest rate cap, floor and collar agreements. Purchased interest rate caps and collars lock in a maximum interest rate if variable rates rise, but also allow our company to benefit, to a limited extent in the case of collars, from declines in market rates. Purchased interest rate floors protect us from interest rates falling below a certain level, generally to match a floating rate floor on a debt instrument. At March 31, 2020, we had no interest rate floor or collar agreements, and the total euro equivalent of the notional amounts of our interest rate caps was €400.0 million.

***Impact of Derivative Instruments on Borrowing Costs***

Excluding forward-starting instruments, the impact of the derivative instruments that mitigate our foreign currency and interest rate risk, as described above, was an increase of 13 basis points to our borrowing costs as of March 31, 2020.

***Foreign Currency Forwards and Options***

We enter into foreign currency forward and option contracts with respect to non-functional currency exposure. As of March 31, 2020, the total euro equivalent of the notional amount of our foreign currency forward and option contracts was €722.1 million.

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**(6) Fair Value Measurements**

We use the fair value method to account for our derivative instruments. The reported fair values of these instruments as of March 31, 2020 are unlikely to represent the value that will be paid or received upon the ultimate settlement or disposition of these assets and liabilities.

GAAP provides for a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. We record transfers of assets or liabilities into or out of Levels 1, 2 or 3 at the beginning of the quarter during which the transfer occurred.

We use a Monte Carlo based approach to incorporate a credit risk valuation adjustment in our fair value measurements to estimate the impact of both our own nonperformance risk and the nonperformance risk of our counterparties. Our credit risk valuation adjustments with respect to our cross-currency and interest rate swaps are quantified and further explained in note 5.

At March 31, 2020 and December 31, 2019, all of our derivative instruments fell under Level 2 of the fair value hierarchy, as all of our Level 3 foreign currency derivative contracts and swaptions had expired or been settled.

For additional information concerning our fair value measurements, see note 7 to the combined financial statements included in our annual report.

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**(7) Long-lived Assets**

***Property and Equipment, Net***

The details of our property and equipment and the related accumulated depreciation are set forth below:

	<b>March 31, 2020</b>	<b>December 31, 2019</b>
	<b>in millions</b>	
Distribution systems .....	€ 3,189.7	€ 3,125.5
Customer premises equipment .....	605.3	598.1
Support equipment, buildings and land .....	381.9	372.3
Total property and equipment, gross .....	4,176.9	4,095.9
Accumulated depreciation .....	(2,609.7)	(2,521.7)
Total property and equipment, net .....	<u>€ 1,567.2</u>	<u>€ 1,574.2</u>

During the three months ended March 31, 2020 and 2019, we recorded non-cash increases to our property and equipment related to certain vendor financing arrangements of €88.7 million and €106.1 million, respectively, which exclude related value-added taxes (VAT) of €12.7 million and €13.3 million, respectively, that were also financed under these arrangements.

***Goodwill***

Changes in the carrying amount of our goodwill during the three months ended March 31, 2020 are set forth below:

	<b>January 1, 2020</b>	<b>Acquisitions and related adjustments</b>	<b>Foreign currency translation adjustments</b>	<b>March 31, 2020</b>
	<b>in millions</b>			
Switzerland.....	€ 2,629.9	€ 2.7	€ 63.3	€ 2,695.9
Central and Eastern Europe.....	496.4	—	(29.3)	467.1
Total.....	<u>€ 3,126.3</u>	<u>€ 2.7</u>	<u>€ 34.0</u>	<u>€ 3,163.0</u>

If, among other factors, (i) our enterprise value or Liberty Global's equity value were to decline or (ii) the adverse impacts of economic, competitive, regulatory or other factors (including with respect to the recent outbreak of a novel strain of coronavirus or "COVID-19") were to cause our results of operations or cash flows to be worse than anticipated, we could conclude in future periods that impairment charges are required in order to reduce the carrying values of our goodwill and, to a lesser extent, other long-lived assets. Any such impairment charges could be significant.

***Intangible Assets Subject to Amortization, Net***

The details of our intangible assets subject to amortization, which are included in other assets, net, on our condensed combined balance sheets, are set forth below:

	<b>March 31, 2020</b>			<b>December 31, 2019</b>		
	<b>Gross carrying amount</b>	<b>Accumulated amortization</b>	<b>Net carrying amount</b>	<b>Gross carrying amount</b>	<b>Accumulated amortization</b>	<b>Net carrying amount</b>
	<b>in millions</b>					
Customer relationships.....	€ 65.5	€ (39.1)	€ 26.4	€ 65.2	€ (37.0)	€ 28.2

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**(8) Debt**

The euro equivalents of the components of our combined third-party debt are as follows:

	<b>March 31, 2020</b>		<b>Principal amount</b>	
	<b>Weighted average interest rate (a)</b>	<b>Unused borrowing capacity (b)</b>	<b>March 31, 2020</b>	<b>December 31, 2019</b>
			<b>in millions</b>	
Parent entities – UPC Holding Senior Notes .....	4.61%	€ —	€ 1,081.9	€ 1,070.7
Combined entities:				
UPCB SPE Notes .....	3.80%	—	1,140.0	2,155.2
UPC Holding Bank Facility (c) .....	3.40%	990.1	1,038.0	—
Vendor financing (d).....	2.44%	—	567.4	560.1
Total third-party debt before deferred financing costs and discounts (e) .....	3.72%	€ 990.1	€ 3,827.3	€ 3,786.0

The following table provides a reconciliation of total third-party debt before deferred financing costs and discounts to total debt and finance lease obligations:

	<b>March 31, 2020</b>	<b>December 31, 2019</b>
	<b>in millions</b>	
Total third-party debt before deferred financing costs and discounts .....	€ 3,827.3	€ 3,786.0
Deferred financing costs and discounts, net.....	(19.1)	(18.2)
Total carrying amount of third-party debt.....	3,808.2	3,767.8
Finance lease obligations (note 9) .....	19.2	20.3
Total debt and finance lease obligations.....	3,827.4	3,788.1
Current maturities of debt and finance lease obligations .....	(570.4)	(563.4)
Long-term debt and finance lease obligations.....	€ 3,257.0	€ 3,224.7

- (a) Represents the weighted average interest rate in effect at March 31, 2020 for all borrowings outstanding pursuant to each debt instrument, including any applicable margin. The interest rates presented represent stated rates and do not include the impact of derivative instruments, deferred financing costs, original issue premiums or discounts and commitment fees, all of which affect our overall cost of borrowing. Including the effects of derivative instruments, original issue premiums or discounts and commitment fees, but excluding the impact of deferred financing costs, the weighted average interest rate on our aggregate third-party variable-and fixed-rate indebtedness was 4.03% at March 31, 2020. For information regarding our derivative instruments, see note 5.
- (b) Unused borrowing capacity represents the maximum availability under the UPC Holding Bank Facility at March 31, 2020 without regard to covenant compliance calculations or other conditions precedent to borrowing. At March 31, 2020, based on the most restrictive applicable leverage covenants and leverage-based restricted payment tests, €828.8 million of unused borrowing capacity was available to be borrowed and there were no additional restrictions on our ability to make loans or distributions from this availability. Upon completion of the relevant March 31, 2020 compliance reporting requirements, and based on the most restrictive applicable leverage covenants and leverage-based restricted payment tests, we expect €652.0 million of unused borrowing capacity will be available, with no additional restriction to loan or distribute. Our above expectations do not consider any actual or potential changes to our borrowing levels or any amounts loaned or distributed subsequent to March 31, 2020, or the impact of additional amounts that may be available to borrow, loan, or distribute under

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certain defined baskets within the UPC Holding Bank Facility. For information regarding a financing transaction completed subsequent to March 31, 2020 that could have an impact on the availability to be borrowed, loaned or distributed, see footnote (c) below.

- (c) Subsequent to March 31, 2020, as a result of the sale of certain entities within the UPC Holding Group in prior years, and an associated reduction in the outstanding debt and Segment OCF (as defined and described in note 13) of the remaining UPC Holding Group, certain lenders under UPC Facility AM agreed to extend and reprice their commitments and as a result, UPC Facility AM was cancelled in full and replaced with a new revolving facility (the **UPC Revolving Facility**). The UPC Revolving Facility provides for a maximum borrowing capacity equivalent to €500.0 million, bears interest at a rate of EURIBOR + 2.50% and has a final maturity date of May 31, 2026.
- (d) Represents amounts owed pursuant to interest-bearing vendor financing arrangements that are used to finance certain of our property and equipment additions and operating expenses. These obligations are generally due within one year and include VAT that was also financed under these arrangements. At March 31, 2020 and December 31, 2019, the amounts owed pursuant to these arrangements include €374.5 million and €388.0 million, respectively, related to third-party capital and operating-related vendor financing obligations for which we and LG Services B.V. are co-obligors. LG Services B.V., which is outside of the UPC Holding Group, centrally procures and subsequently transfers property and equipment to other Liberty Global subsidiaries, including those within the UPC Holding Group. For property and equipment transferred to subsidiaries within the UPC Holding Group, we expect to cash settle the related co-obligor amounts with LG Services B.V. in advance of when we and LG Services B.V. are required to settle the obligations with the applicable third parties. Cash payments to LG Services B.V. are reflected as capital expenditures in our condensed combined statements of cash flows, and any cash payments made prior to the settlement of the related third-party obligation are reflected as related-party accounts receivable from LG Services B.V. on our condensed combined balance sheet until the time of settlement. Alternatively, those co-obligor obligations that relate to property and equipment transferred to subsidiaries outside of the UPC Holding Group are reflected on our condensed combined balance sheets as vendor financing obligations and related-party accounts receivable from LG Services B.V. until settlement of the related third-party obligation. Repayments of vendor financing obligations, other than the co-obligor obligations, are included in repayments and repurchases of third-party debt and finance lease obligations in our condensed combined statements of cash flows.
- (e) As of March 31, 2020 and December 31, 2019, our debt had an estimated fair value of €3,581.7 million and €3,924.8 million, respectively. The estimated fair values of our debt instruments are generally determined using the average of applicable bid and ask prices (mostly Level 1 of the fair value hierarchy). For additional information regarding fair value hierarchies, see note 6.

### ***Financing Transactions***

Below we provide a summary description of any financing transactions completed during the first three months of 2020. A portion of our financing transactions may include non-cash borrowings and repayments. During the three months ended March 31, 2020 and 2019, we did not have any non-cash borrowings and repayments. Unless otherwise noted, the terms and conditions of any new notes and/or credit facilities are largely consistent with those of existing notes and credit facilities with regard to covenants, events of default and change of control provisions, among other items. For information regarding the general terms and conditions of our debt and capitalized terms not defined herein, see note 9 to the combined financial statements included in our 2019 annual report.

In January 2020, we entered into (i) a \$700.0 million (€638.1 million) term loan facility (**UPC Facility AT**) and (ii) a €400.0 million term loan facility (**UPC Facility AU**). UPC Facility AT was issued at 99.75% of par, matures on April 30, 2028 and bears interest at a rate of LIBOR + 2.25%, subject to a LIBOR floor of 0.0%. UPC Facility AU was issued at 99.875% of par, matures on April 30, 2029 and bears interest at a rate of EURIBOR + 2.50%, subject to a EURIBOR floor of 0.0%. The net proceeds from these facilities were used to prepay in full the \$1,140.0 million (€1,039.1 million) outstanding principal amount under UPC Facility AL, together with accrued and unpaid interest and the related prepayment premiums, which was owed to UPCB Finance IV and, in turn, UPCB Finance IV used such proceeds to redeem in full the \$1,140.0 million outstanding principal amount of UPCB Finance IV Dollar Notes. In connection with this transaction, we recognized a loss on debt extinguishment of €32.5 million related to (a) the payment of €28.1 million of redemption premiums and (b) the write-off of €4.4 million of unamortized deferred financing costs and discounts.

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***Maturities of Debt***

Maturities of our debt as of March 31, 2020 are presented below and represent euro equivalents based on March 31, 2020 exchange rates (in millions):

Year ending December 31:

2020 (remainder of year) (a) .....	€	513.4
2021 (a) .....		54.0
2022 .....		—
2023 .....		—
2024 .....		—
2025 .....		—
Thereafter .....		3,259.9
Total debt maturities (b).....		3,827.3
Deferred financing costs and discounts, net .....		(19.1)
Total debt .....	€	3,808.2
Current portion.....	€	567.4
Noncurrent portion.....	€	3,240.8

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- (a) Maturities in years 2020 and 2021 represent amounts related to vendor financing obligations.
- (b) Amounts include certain senior secured notes issued by special purpose financing entities that are included in our condensed combined financial statements.

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**(9) Leases**

***General***

We enter into operating and finance leases for network equipment, real estate and vehicles. We provide residual value guarantees on certain of our vehicle leases.

***Lease Balances***

A summary of our right-of-use (ROU) assets and lease liabilities is set forth below:

	<b>March 31, 2020</b>	<b>December 31, 2019</b>
	<b>in millions</b>	
ROU assets:		
Operating leases (a).....	€ 124.6	€ 120.4
Finance leases (b).....	16.4	16.7
Total ROU assets .....	<u>€ 141.0</u>	<u>€ 137.1</u>
Lease liabilities:		
Operating leases (c).....	€ 125.7	€ 123.4
Finance leases (d).....	19.2	20.3
Total lease liabilities .....	<u>€ 144.9</u>	<u>€ 143.7</u>

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- (a) Our operating lease ROU assets are included in other assets, net, on our condensed combined balance sheets. At March 31, 2020, the weighted average remaining lease term for operating leases was 9.5 years and the weighted average discount rate was 3.3%. During the three months ended March 31, 2020 and 2019, we recorded additions to our operating lease ROU assets of €7.7 million and €0.3 million, respectively.
- (b) Our finance lease ROU assets are included in property and equipment, net, on our condensed combined balance sheets. At March 31, 2020, the weighted average remaining lease term for finance leases was 6.9 years and the weighted average discount rate was 6.4%. During the three months ended March 31, 2020 and 2019, we recorded additions to our finance lease ROU assets of €0.3 million and €0.2 million, respectively.
- (c) The current and long-term portions of our finance lease liabilities are included within current portion of debt and finance lease liabilities and long-term debt and finance lease liabilities, respectively, on our condensed combined balance sheets.
- (d) The current and long-term portions of our operating lease liabilities are included within other accrued and current liabilities and other long-term liabilities, respectively, on our condensed combined balance sheets.

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A summary of our aggregate lease expense is set forth below:

	Three months ended March 31,			
	2020		2019	
	in millions			
Finance lease expense:				
Depreciation and amortization .....	€	0.6	€	0.7
Interest expense.....		0.5		0.3
Total finance lease expense.....		1.1		1.0
Operating lease expense (a).....		5.4		6.5
Short-term lease expense (a) .....		1.7		1.2
Variable lease expense (b).....		1.2		0.8
Total lease expense .....	€	9.4	€	9.5

- (a) Our operating lease expense and short-term lease expense are included in other operating expenses, SG&A expenses and impairment, restructuring and other operating items, net in our condensed combined statements of operations.
- (b) Variable lease expense represents payments made to a lessor during the lease term that vary because of a change in circumstance that occurred after the lease commencement date. Variable lease payments are expensed as incurred and are included in other operating expenses in our condensed combined statements of operations.

A summary of our cash outflows from operating and finance leases is set forth below:

	Three months ended March 31,			
	2020		2019	
	in millions			
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash outflows from operating leases .....	€	8.7	€	8.7
Operating cash outflows from finance leases .....		0.5		0.3
Financing cash outflows from finance leases .....		0.7		0.4
Total cash outflows from operating and finance leases .....	€	9.9	€	9.4

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Maturities of our operating and finance lease liabilities as of March 31, 2020 are presented below and represent euro equivalents based on March 31, 2020 exchange rates:

	<b>Operating leases</b>	<b>Finance leases</b>
	<b>in millions</b>	
Year ending December 31:		
2020 (remainder of year).....	€ 19.5	€ 3.3
2021 .....	19.9	3.7
2022 .....	17.6	3.5
2023 .....	15.7	3.6
2024 .....	14.7	2.4
2025 .....	13.8	2.0
Thereafter .....	63.8	5.6
Total payments .....	165.0	24.1
Less: present value discount .....	(39.3)	(4.9)
Present value of lease payments .....	€ 125.7	€ 19.2
Current portion .....	€ 17.6	€ 3.0
Noncurrent portion.....	€ 108.1	€ 16.2

**(10) Income Taxes**

Income tax expense attributable to our loss from continuing operations before income taxes differs from the amounts computed using the Dutch income tax rate of 25.0%, as a result of the following factors:

	<b>Three months ended March 31,</b>	
	<b>2020</b>	<b>2019 (a)</b>
	<b>in millions</b>	
Computed “expected” tax benefit.....	€ 5.5	€ 3.8
Non-deductible or non-taxable interest and other expenses.....	(6.0)	(3.4)
Change in valuation allowances .....	(4.6)	(15.7)
Basis and other differences in the treatment of items associated with investments in the UPC Holding Group entities.....	(0.4)	(0.3)
Other, net .....	(0.8)	2.6
Total income tax expense.....	€ (6.3)	€ (13.0)

(a) As retrospectively revised, see note 4.

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**(11) Related-party Transactions**

Our related-party transactions are as follows:

	Three months ended March 31,			
	2020		2019 (a)	
	in millions			
Credits (charges) included in:				
Revenue.....	€	0.5	€	0.5
Programming and other direct cost of services.....		(2.1)		(1.3)
Other operating (b).....		(4.5)		(7.2)
SG&A (b).....		(2.0)		(3.8)
Allocated share-based compensation expense.....		(3.9)		(4.8)
Fees and allocations, net (b):				
Operating and SG&A (exclusive of depreciation and share-based compensation) .....		(1.0)		1.9
Depreciation .....		(34.6)		(20.9)
Share-based compensation .....		(5.4)		(7.3)
Management fee .....		(19.5)		(13.0)
Total fees and allocations, net.....		(60.5)		(39.3)
Included in operating income .....		(72.5)		(55.9)
Interest expense .....		—		(2.8)
Interest income.....		4.8		8.3
Included in net earnings (loss).....	€	(67.7)	€	(50.4)
Property and equipment transfers in, net.....	€	0.2	€	15.9

(a) As retrospectively revised, see note 4.

(b) During the fourth quarter of 2019, Liberty Global changed its segment presentation of certain costs related to its centrally-managed technology and innovation function. These costs, which were previously charged to our company and reflected within the applicable categories of our fees and allocations, net, are now allocated to our company and reflected within (i) other operating expenses and (ii) SG&A expenses in our condensed combined statements of operations and in the table above (the **T&I Allocation**). Amounts for the three months ended March 31, 2019 have been retrospectively revised to reflect this change. The following table provides a summary of the impact of the T&I Allocation For information on the impact to our Segment OCF, see note 13.

		Three months ended March 31,	
		2020	2019
		in millions	
Increase (decrease) to charges included in:			
Other operating .....	€	(4.5)	€ (6.2)
SG&A .....		(2.1)	(2.9)
Fees and allocations, net:			
Operating and SG&A .....		13.4	10.3
Management fee .....		(6.8)	(1.2)
Total impact on operating income .....	€	—	€ —

**The UPC Holding Group**  
**Notes to Condensed Combined Financial Statements — (Continued)**  
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*General.* The UPC Holding Group charges fees and allocates costs and expenses to certain other Liberty Global subsidiaries and certain Liberty Global subsidiaries outside of the UPC Holding Group charge fees and allocate costs and expenses to the UPC Holding Group. Depending on the nature of these related-party transactions, the amount of the charges or allocations may be based on (i) our estimated share of the underlying costs, (ii) our estimated share of the underlying costs plus a mark-up or (iii) commercially-negotiated rates. The methodology Liberty Global uses to allocate its central and administrative costs to its borrowing groups impacts the calculation of the “EBITDA” metric specified by our debt agreements (**Covenant EBITDA**). In this regard, the components of related-party fees and allocations that are deducted to arrive at our Covenant EBITDA are based on (a) the amount and nature of costs incurred by the allocating Liberty Global subsidiaries during the period, (b) the allocation methodologies in effect during the period and (c) the size of the overall pool of entities that are charged fees and allocated costs, such that changes in any of these factors would likely result in changes to the amount of related-party fees and allocations that will be deducted to arrive at our Covenant EBITDA in future periods. For example, to the extent that a Liberty Global subsidiary borrowing group was to acquire (sell) an operating entity, and assuming no change in the total costs incurred by the allocating entities, the fees charged and the costs allocated to our company would decrease (increase). Although we believe that the related-party charges and allocations described below are reasonable, no assurance can be given that the related-party costs and expenses reflected in our condensed combined statements of operations are reflective of the costs that we would incur on a standalone basis.

*Revenue.* Amounts primarily relate to B2B related services and network maintenance services provided to certain affiliates outside of the UPC Holding Group.

*Programming and other direct costs of services.* Amounts represent certain cash settled charges from other Liberty Global subsidiaries and affiliates to the UPC Holding Group for programming-related and interconnect services provided to our company.

*Other operating expenses.* Amounts include certain charges, which may be cash or loan settled, between Liberty Global subsidiaries and the UPC Holding Group, primarily for network-related services and other items, including costs related to the T&I Allocation.

*SG&A expenses.* Amounts represent certain charges, which may be cash or loan settled, between Liberty Global subsidiaries and the UPC Holding Group, primarily for information technology-related services and software maintenance services, including costs related to the T&I Allocation.

*Allocated share-based compensation expense.* Amounts are allocated to our company by Liberty Global subsidiaries and represent share-based compensation expense associated with the Liberty Global share-based incentive awards held by certain employees of our combined entities. Share-based compensation expense is included in SG&A expenses in our condensed combined statements of operations.

*Fees and allocations, net.* These amounts, which are based on our company’s estimated share of the applicable costs (including personnel-related and other costs associated with the services provided) incurred by Liberty Global subsidiaries, represent the aggregate net effect of charges between our company and various Liberty Global subsidiaries that are outside of our company. These charges generally relate to management, finance, legal, technology and other services that support our company’s operations. The categories of our fees and allocations, net, are as follows:

- *Operating and SG&A (exclusive of depreciation and share-based compensation).* The amounts included in this category, which are generally loan settled, represent charges between our company and other Liberty Global subsidiaries for certain technology, management, marketing, finance and other operating and SG&A expenses incurred by our company and other Liberty Global subsidiaries, whose activities benefit multiple operations, including operations within and outside of the UPC Holding Group. Amounts represent the charge to or from our company based on our estimated share of the actual costs incurred by our company or other Liberty Global subsidiaries, without a mark-up. Amounts in this category are generally deducted to arrive at our Covenant EBITDA.
- *Depreciation.* The amounts included in this category, which are generally loan settled, represent our estimated share of depreciation of assets not owned by our company. The amounts allocated represent our estimated share of the actual costs incurred by Liberty Global subsidiaries, without a mark-up.

**The UPC Holding Group**  
**Notes to Condensed Combined Financial Statements — (Continued)**  
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- *Share-based compensation.* The amounts included in this category, which are generally loan settled, represent our estimated share of share-based compensation associated with Liberty Global employees who are not employees of our company. The amounts allocated represent our estimated share of the actual costs incurred by Liberty Global subsidiaries, without a mark-up.
- *Management fee.* The amounts included in this category, which are generally loan settled, represent our estimated allocable share of (i) operating and SG&A expenses related to stewardship services provided by certain Liberty Global subsidiaries and (ii) the mark-up, if any, applicable to each category of the related-party fees and allocations charged to our company.

Liberty Global charges technology-based fees to our company using a royalty-based method. For the three months ended March 31, 2020 and 2019, our proportional share of the technology-based costs of €51.8 million and €36.0 million, respectively, was €5.3 million and €0.4 million, respectively, more than the actual amount charged under the royalty-based method. Accordingly, these excess amounts have been reflected as deemed contributions of technology-related services in our condensed combined statements of equity. Any excess of these charges over our estimated proportionate share of the underlying technology-based costs will be classified as management fees and added back to arrive at Covenant EBITDA.

*Interest expense.* Amounts primarily relate to interest accrued on amounts owed to LG Services B.V. and UPC France that, prior to the UPC Transfers, were eliminated in combination.

*Interest income.* Amounts primarily include interest accrued on the LGEF Receivable (as defined and described below). Interest income is accrued and included in long-term interest receivable during the year, and then added to the LGEF Receivable balance at the beginning of the following year. In addition, the 2019 amount includes interest income related to receivables from LG Services B.V. and UPC France that, prior to the UPC Transfers, were eliminated in combination.

*Property and equipment transfers in, net.* These amounts, which are generally cash settled, represent net carrying values related to (i) customer premises equipment acquired from other Liberty Global subsidiaries outside of the UPC Holding Group, which centrally procure equipment on behalf of our company and various other Liberty Global subsidiaries and (ii) used customer premises and network-related equipment acquired from or transferred to other Liberty Global subsidiaries outside of the UPC Holding Group. During all periods presented, the carrying values of the equipment transferred into the UPC Holding Group exceed the carrying values of the equipment transferred out of the UPC Holding Group. The net cash paid in connection with these transfers is reflected as capital expenditures, net, within our condensed combined statements of cash flows.

**The UPC Holding Group**  
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The following table provides details of our related-party balances:

	March 31, 2020	December 31, 2019
	in millions	
Assets:		
Current receivables (a) .....	€ 382.2	€ 411.8
LGEF Receivable (b) .....	223.2	247.7
Other long-term receivables .....	4.7	—
Total.....	€ 610.1	€ 659.5
Liabilities:		
Accounts payable .....	€ 137.6	€ 70.4
Accrued liabilities .....	44.7	52.3
Other long-term liabilities .....	0.5	9.0
Total.....	€ 182.8	€ 131.7

- (a) Primarily represents (i) €374.5 million and €388.0 million, respectively, of receivables due from LG Services B.V. related to certain operating expenses and centrally-procured property and equipment vendor financed by LG Services B.V. on behalf of other Liberty Global subsidiaries for which we and LG Services B.V. are co-obligors and (ii) €2.6 million and €18.9 million, respectively, of receivables due from LG B.V. These receivables are non-interest bearing and may be cash or loan settled.
- (b) UPC Holding has a related-party receivable (the **LGEF Receivable**) due from LGE Financing. The LGEF Receivable bears interest at 5.96% and matures on January 1, 2029. Accrued interest on the LGEF Receivable is transferred to the receivable balance at the beginning of each year. The net decrease in the LGEF Receivable balance during the three months ended March 31, 2020 includes (i) cash repayments of €710.5 million, (ii) cash advances of €639.3 million and (iii) a €46.7 million non-cash increase related to the settlement of certain related-party amounts. The net increase in the LGEF Receivable balance during the three months ended March 31, 2019 includes (a) cash repayments of €856.5 million, (b) cash advances of €782.2 million and (c) a €86.3 million non-cash increase related to the settlement of certain related-party amounts.

UPC Holding has an unsecured shareholder loan (the **Shareholder Loan**) with LGE Financing, which, as amended, matures in 2030 and is subordinated in right of payment to the prior payment in full of the UPC Holding Senior Notes in the event of (i) a total or partial liquidation, dissolution or winding up of UPC Holding, (ii) a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to UPC Holding or its property, (iii) an assignment for the benefit of creditors or (iv) any marshaling of UPC Holding's assets or liabilities. The interest rate on the Shareholder Loan is a fixed rate of 9.79% and accrued interest is included in other long-term liabilities until it is transferred to the loan balance at the end of each year. At March 31, 2020 and December 31, 2019, there was no outstanding balance on the Shareholder Loan.

During the three months ended March 31, 2020 and 2019, we recorded aggregate capital charges of €0.5 million and €0.8 million, respectively, in our condensed combined statements of equity in connection with the exercise of Liberty Global share appreciation rights and the vesting of Liberty Global restricted share awards and performance-based restricted share units held by employees of our combined entities. We and Liberty Global have agreed that these capital charges will be based on the fair value of the underlying Liberty Global shares associated with share-based incentive awards that vest or are exercised during the period, subject to any reduction that is necessary to ensure that the capital charge does not exceed the amount of share-based compensation expense recorded by our company with respect to Liberty Global share-based incentive awards.

**The UPC Holding Group**  
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**(12) Commitments and Contingencies**

***Commitments***

In the normal course of business, we have entered into agreements that commit our company to make cash payments in future periods with respect to programming contracts, network and connectivity commitments and purchases of customer premises and other equipment and services. The following table sets forth the euro equivalents of such commitments as of March 31, 2020. The commitments included in this table do not reflect any liabilities that are included on our March 31, 2020 condensed combined balance sheet:

		Payments due during:						
	Remainder of 2020	2021	2022	2023	2024	2025	Thereafter	Total
in millions								
Programming commitments....	€ 65.9	€ 49.7	€ 31.6	€ 4.5	€ —	€ —	€ —	€ 151.7
Network and connectivity commitments .....	21.2	10.4	6.6	6.0	1.4	1.1	11.8	58.5
Purchase commitments .....	28.0	0.9	0.1	—	—	—	—	29.0
Total.....	€ 115.1	€ 61.0	€ 38.3	€ 10.5	€ 1.4	€ 1.1	€ 11.8	€ 239.2

Programming commitments consist of obligations associated with certain of our programming and sports rights contracts that are enforceable and legally binding on us as we have agreed to pay minimum fees without regard to (i) the actual number of subscribers to the programming services, (ii) whether we terminate service to a portion of our subscribers or dispose of a portion of our distribution systems or (iii) whether we discontinue our premium sports services. Programming commitments do not include increases in future periods associated with contractual inflation or other price adjustments that are not fixed. Accordingly, the amounts reflected in the above table with respect to these contracts are significantly less than the amounts we expect to pay in these periods under these contracts. Historically, payments to programming vendors have represented a significant portion of our operating costs, and we expect that this will continue to be the case in future periods. In this regard, our total programming and copyright costs for the three months ended March 31, 2020 and 2019 aggregated €36.6 million in each of the respective periods.

Network and connectivity commitments include commitments associated with (i) network maintenance commitments, (ii) commitments associated with our mobile virtual network operator (**MVNO**) agreements and (iii) fiber leasing agreements. The amounts reflected in the above table with respect to certain of our MVNO commitments represent fixed minimum amounts payable under these agreements and, therefore, may be significantly less than the actual amounts we ultimately pay in these periods.

Purchase commitments include unconditional and legally-binding obligations related to (i) the purchase of customer premises and other equipment and (ii) certain service-related commitments, including information technology and maintenance services, including €4.7 million associated with related-party purchase obligations due during the remainder of 2020.

In addition to the commitments set forth in the table above, we have significant commitments under (i) derivative instruments and (ii) defined benefit plans and similar agreements, pursuant to which we expect to make payments in future periods. For information regarding our derivative instruments, including the net cash paid or received in connection with these instruments during the three months ended March 31, 2020 and 2019, see note 5.

We also have commitments pursuant to agreements with, and obligations imposed by, franchise authorities and municipalities, which may include obligations in certain markets to move aerial cable to underground ducts or to upgrade, rebuild or extend portions of our broadband communication systems. Such amounts are not included in the above table because they are not fixed or determinable.

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***Guarantees and Other Credit Enhancements***

In the ordinary course of business, we may provide (i) indemnifications to our lenders, our vendors and certain other parties and (ii) performance and/or financial guarantees to local municipalities, our customers and vendors. Historically, these arrangements have not resulted in our company making any material payments and we do not believe that they will result in material payments in the future.

*Other Regulatory Matters.* Video distribution, broadband internet, fixed-line telephony, mobile and content businesses are regulated in each of the countries in which we operate. The scope of regulation varies from country to country, although in some significant respects regulation in European markets is harmonized under the regulatory structure of the European Union (E.U.). Adverse regulatory developments could subject our businesses to a number of risks. Regulation, including conditions imposed on us by competition or other authorities as a requirement to close acquisitions or dispositions, could limit growth, revenue and the number and types of services offered and could lead to increased operating costs and property and equipment additions. In addition, regulation may restrict our operations and subject them to further competitive pressure, including pricing restrictions, interconnect and other access obligations, and restrictions or controls on content, including content provided by third parties. Failure to comply with current or future regulation could expose our businesses to various penalties.

In addition to the foregoing items, we have contingent liabilities related to matters arising in the ordinary course of business including (i) legal proceedings, (ii) issues involving VAT and wage, property, withholding and other tax issues and (iii) disputes over interconnection, programming, copyright and channel carriage fees. While we generally expect that the amounts required to satisfy these contingencies will not materially differ from any estimated amounts we have accrued, no assurance can be given that the resolution of one or more of these contingencies will not result in a material impact on our results of operations, cash flows or financial position in any given period. Due, in general, to the complexity of the issues involved and, in certain cases, the lack of a clear basis for predicting outcomes, we cannot provide a meaningful range of potential losses or cash outflows that might result from any unfavorable outcomes.

**(13) Segment Reporting**

We generally identify our reportable segments as those operating entities that represent 10% or more of our revenue, Segment OCF (as defined below) or total assets. In certain cases, we may elect to include an operating segment in our segment disclosure that does not meet the above-described criteria for a reportable segment. We evaluate performance and make decisions about allocating resources to our operating segments based on financial measures such as revenue and Segment OCF. In addition, we review non-financial measures such as subscriber growth, as appropriate.

Segment OCF is the primary measure used by our chief operating decision maker to evaluate segment operating performance and is also a key factor that is used by our internal decision makers to (i) determine how to allocate resources to segments and (ii) evaluate the effectiveness of our management for purposes of annual and other incentive compensation plans. As we use the term, “**Segment OCF**” is defined as operating income before depreciation and amortization, share-based compensation, related-party fees and allocations, provisions and provision releases related to significant litigation and impairment, restructuring and other operating items. Other operating items include (a) gains and losses on the disposition of long-lived assets, (b) third-party costs directly associated with successful and unsuccessful acquisitions and dispositions, including legal, advisory and due diligence fees, as applicable, and (c) other acquisition-related items, such as gains and losses on the settlement of contingent consideration. Our internal decision makers believe Segment OCF is a meaningful measure because it represents a transparent view of our recurring operating performance that is unaffected by our capital structure and allows management to (1) readily view operating trends, (2) perform analytical comparisons and benchmarking between segments and (3) identify strategies to improve operating performance in the different countries in which we operate. A reconciliation of Segment OCF from continuing operations to earnings (loss) from continuing operations before income taxes is presented below.

As of March 31, 2020, our reportable segments are as follows:

- Switzerland
- Central and Eastern Europe

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During the fourth quarter of 2019, as a result of the T&I Allocation, charges for certain costs which were previously included within our related-party fees and allocations, net, are now included within (i) other operating expenses and (ii) SG&A expenses in our condensed combined statements of operations and included within our Segment OCF metric. This change was made as a result of internal changes at Liberty Global with respect to the way in which its chief operating decision maker evaluates the performance of its operating segments. Segment information for the three months ended March 31, 2019 has been retrospectively revised to reflect this change. For additional information on the impacts of the T&I Allocation, see note 11. The following table provides a summary of the impact on our Segment OCF as a result of the T&I Allocation:

	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2020</b>	<b>2019</b>
	<b>in millions</b>	
Decrease to Segment OCF:		
Switzerland .....	€ (4.3)	€ (6.0)
Central and Eastern Europe .....	(2.3)	(3.1)
Total decrease to Segment OCF .....	€ (6.6)	€ (9.1)

***Performance Measures of Our Reportable Segments***

	<b>Revenue</b>	
	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2020</b>	<b>2019</b>
	<b>in millions</b>	
Switzerland.....	€ 287.4	€ 278.3
Central and Eastern Europe.....	108.2	104.9
Total.....	€ 395.6	€ 383.2

	<b>Segment OCF</b>	
	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2020</b>	<b>2019 (a)(b)</b>
	<b>in millions</b>	
Switzerland.....	€ 121.7	€ 137.7
Central and Eastern Europe.....	49.3	47.2
Central and Corporate and intersegment eliminations (c).....	—	(0.6)
Total.....	€ 171.0	€ 184.3

(a) As retrospectively revised, see note 4.

(b) Amounts have been revised to reflect the retrospective impact of the T&I Allocation, as described above.

(c) Amounts for the 2019 period include transactions between our continuing and discontinued operations prior to the disposal dates of such discontinued operations.

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The following table provides a reconciliation of total Segment OCF from continuing operations to loss from continuing operations before income taxes:

	<b>Three months ended March 31,</b>	
	<b>2020</b>	<b>2019 (a)(b)</b>
	<b>in millions</b>	
Total Segment OCF from continuing operations .....	€ 171.0	€ 184.3
Share-based compensation expense .....	(3.9)	(4.8)
Related-party fees and allocations, net .....	(60.5)	(39.3)
Depreciation and amortization .....	(90.2)	(84.5)
Impairment, restructuring and other operating items, net .....	(12.2)	(1.0)
Operating income .....	4.2	54.7
Interest expense .....	(42.1)	(65.5)
Interest income .....	4.9	8.6
Realized and unrealized gains on derivative instruments, net .....	81.2	47.8
Foreign currency transaction losses, net .....	(37.4)	(62.7)
Losses on debt extinguishment, net .....	(32.5)	—
Other income (expense), net .....	(0.1)	1.8
Loss from continuing operations before income taxes .....	€ (21.8)	€ (15.3)

(a) As retrospectively revised, see note 4.

(b) Amounts have been revised to reflect the retrospective impact of the T&I Allocation, as described above.

***Property and Equipment Additions of our Reportable Segments***

The property and equipment additions of our reportable segments (including capital additions financed under vendor financing or finance lease arrangements) are presented below and reconciled to the capital expenditure amounts included in our condensed combined statements of cash flows. For additional information concerning capital additions financed under vendor financing and finance lease arrangements, see notes 8 and 9.

	<b>Three months ended March 31,</b>	
	<b>2020</b>	<b>2019 (a)</b>
	<b>in millions</b>	
Switzerland .....	€ 62.8	€ 51.6
Central and Eastern Europe .....	17.1	19.2
Total segment property and equipment additions .....	79.9	70.8
Assets acquired under capital-related vendor financing arrangements .....	(88.7)	(106.1)
Assets acquired under finance leases .....	(0.3)	(0.2)
Changes in current liabilities related to capital expenditures (including related-party amounts) .....	66.9	130.4
Total capital expenditures, net .....	€ 57.8	€ 94.9

(a) As retrospectively revised, see note 4.

**The UPC Holding Group**  
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**Revenue by Major Category**

Our revenue by major category is set forth below:

		Three months ended March 31,	
		2020	2019
		in millions	
Residential revenue:			
Residential cable revenue (a):			
Subscription revenue (b):			
Video.....	€	166.0	€ 170.1
Broadband internet.....		97.0	97.8
Fixed-line telephony .....		25.8	26.8
Total subscription revenue.....		288.8	294.7
Non-subscription revenue .....		23.2	21.4
Total residential cable revenue.....		312.0	316.1
Residential mobile revenue (c):			
Subscription revenue (b) .....		17.9	12.9
Non-subscription revenue .....		9.2	3.6
Total residential mobile revenue.....		27.1	16.5
Total residential revenue .....		339.1	332.6
B2B revenue (d):			
Subscription revenue .....		12.1	11.5
Non-subscription revenue.....		43.4	38.7
Total B2B revenue.....		55.5	50.2
Other revenue.....		1.0	0.4
Total .....	€	395.6	€ 383.2

- (a) Residential cable subscription revenue includes amounts received from subscribers for ongoing services and the recognition of deferred installation revenue over the associated contract period. Residential cable non-subscription revenue includes, among other items, channel carriage fees, late fees and revenue from the sale of equipment.
- (b) Residential subscription revenue from subscribers who purchase bundled services at a discounted rate is generally allocated proportionally to each service based on the standalone price for each individual service. As a result, changes in the standalone pricing of our cable and mobile products or the composition of bundles can contribute to changes in our product revenue categories from period to period.
- (c) Residential mobile subscription revenue includes amounts received from subscribers for ongoing services. Residential mobile non-subscription revenue includes, among other items, interconnect revenue and revenue from sales of mobile handsets and other devices.
- (d) B2B subscription revenue represents revenue from services to certain small or home office (SOHO) subscribers. SOHO subscribers pay a premium price to receive expanded service levels along with video, broadband internet, fixed-line telephony or mobile services that are the same or similar to the mass marketed products offered to our residential subscribers. B2B non-subscription revenue includes revenue from business broadband internet, video, fixed-line telephony, mobile and data services offered to medium to large enterprises and, on a wholesale basis, to other operators.

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***Geographic Segments***

The revenue of our geographic segments is set forth below:

		<b>Three months ended</b>	
		<b>March 31,</b>	
		<b>2020</b>	<b>2019</b>
		<b>in millions</b>	
Switzerland .....	€	287.4	€ 278.3
Poland .....		96.9	94.0
Slovakia.....		11.3	10.9
Total.....	€	395.6	€ 383.2

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

The following discussion and analysis, which should be read in conjunction with our combined financial statements and the discussion and analysis included in our 2019 annual report, is intended to assist in providing an understanding of our financial condition, changes in financial condition and results of operations and is organized as follows:

- *Forward-looking Statements.* This section provides a description of certain factors that could cause actual results or events to differ materially from anticipated results or events.
- *Overview.* This section provides a general description of our business and recent events.
- *Material Changes in Results of Operations.* This section provides an analysis of our results of operations for the three months ended March 31, 2020 and 2019.
- *Material Changes in Financial Condition.* This section provides an analysis of our liquidity, condensed combined statements of cash flows and contractual commitments.

The capitalized terms used below have been defined in the notes to our condensed combined financial statements. In the following text, the terms “we,” “our,” “our company” and “us” may refer, as the context requires, to UPC Holding or the UPC Holding Group.

Unless otherwise indicated, convenience translations into euros are calculated as of March 31, 2020.

### Forward-looking Statements

Certain statements in this quarterly report constitute forward-looking statements. To the extent that statements in this quarterly report are not recitations of historical fact, such statements constitute forward-looking statements, which, by definition, involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. In particular, statements under *Management's Discussion and Analysis of Financial Condition and Results of Operations* may contain forward-looking statements, including statements regarding our business, product, foreign currency and finance strategies, subscriber growth and retention rates, competitive, regulatory and economic factors, the timing and impacts of proposed transactions, the maturity of our markets, the potential impact of the recent outbreak of the novel coronavirus (**COVID-19**) on our company, the anticipated impacts of new legislation (or changes to existing rules and regulations), anticipated changes in our revenue, costs or growth rates, our liquidity, credit risks, foreign currency risks, interest rate risks, target leverage levels, debt covenants, our future projected contractual commitments and cash flows and other information and statements that are not historical fact. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. In evaluating these statements, you should consider the following list of some but not all of the factors that could cause actual results or events to differ materially from anticipated results or events:

- economic and business conditions and industry trends in the countries in which we operate;
- the competitive environment in the industries in the countries in which we operate, including competitor responses to our products and services;
- fluctuations in currency exchange rates and interest rates;
- instability in global financial markets, including sovereign debt issues and related fiscal reforms;
- consumer disposable income and spending levels, including the availability and amount of individual consumer debt;
- changes in consumer television viewing and broadband usage preferences and habits;
- consumer acceptance of our existing service offerings, including our cable television, broadband internet, fixed-line telephony, mobile and business service offerings, and of new technology, programming alternatives and other products and services that we may offer in the future;
- our ability to manage rapid technological changes;
- our ability to maintain or increase the number of subscriptions to our cable television, broadband internet, fixed-line telephony and mobile service offerings and our average revenue per household;

- our ability to provide satisfactory customer service, including support for new and evolving products and services;
- our ability to maintain or increase rates to our subscribers or to pass through increased costs to our subscribers;
- the impact of our future financial performance, or market conditions generally, on the availability, terms and deployment of capital;
- changes in, or failure or inability to comply with, government regulations in the countries in which we operate and adverse outcomes from regulatory proceedings;
- government intervention that requires opening our broadband distribution networks to competitors;
- our ability to obtain regulatory approval and satisfy other conditions necessary to close acquisitions and dispositions and the impact of conditions imposed by competition and other regulatory authorities in connection with acquisitions;
- our ability to successfully acquire new businesses and, if acquired, to integrate, realize anticipated efficiencies from, and implement our business plan with respect to, the businesses we have acquired or that we expect to acquire;
- changes in laws or treaties relating to taxation, or the interpretation thereof, in countries in which we operate;
- changes in laws and government regulations that may impact the availability and cost of capital and the derivative instruments that hedge certain of our financial risks;
- our ability to navigate the potential impacts on our business of the U.K.'s departure from the E.U.;
- the ability of suppliers and vendors (including our third-party wireless network providers under our MVNO arrangements) to timely deliver quality products, equipment, software, services and access;
- the availability of attractive programming for our video services and the costs associated with such programming, including retransmission and copyright fees payable to public and private broadcasters;
- uncertainties inherent in the development and integration of new business lines and business strategies;
- our ability to adequately forecast and plan future network requirements, including the costs and benefits associated with any planned network extension programs;
- the availability of capital for the acquisition and/or development of telecommunications networks and services;
- problems we may discover post-closing with the operations, including the internal controls and financial reporting process, of businesses we acquire;
- the leakage of sensitive customer data;
- the outcome of any pending or threatened litigation;
- the loss of key employees and the availability of qualified personnel;
- changes in the nature of key strategic relationships with partners and joint venturers; and
- events that are outside of our control, such as political unrest in international markets, terrorist attacks, malicious human acts, natural disasters, pandemics or epidemics (such as COVID-19) and other similar events.

The broadband distribution and mobile service industries are changing rapidly and, therefore, the forward-looking statements of expectations, plans and intent in this quarterly report are subject to a significant degree of risk. These forward-looking statements and the above-described risks, uncertainties and other factors speak only as of the date of this quarterly report, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based. Readers are cautioned not to place undue reliance on any forward-looking statement.

## Overview

### *General*

We are an international provider of video, broadband internet, fixed-line telephony and mobile communications services to residential customers and businesses in Europe. Our continuing operations comprise businesses that provide residential and B2B communications services in Switzerland, Poland and Slovakia.

As further described in note 4 to our condensed combined financial statements, Liberty Global (i) completed the sale of our operations in Romania, Hungary and the Czech Republic (exclusive of our DTH operations) on July 31, 2019 and (ii) completed the sale of the operations of UPC DTH on May 2, 2019. Accordingly, our operations in Romania, Hungary and the Czech Republic and the operations of UPC DTH are presented as discontinued operations for the three months ended March 31, 2019. In the following discussion and analysis, the operating statistics, results of operations, cash flows and financial condition that we present and discuss are those of our continuing operations unless otherwise indicated. In addition, during the fourth quarter of 2019, we completed the UPC Transfers, as described in note 4. We have accounted for the UPC Transfers as common control transfers at carryover basis and the applicable prior period information has been retrospectively revised to give effect to these transactions for all periods presented.

### *Operations*

At March 31, 2020, we owned and operated networks that passed 6,564,800 homes and served 2,694,800 fixed-line customers and 229,400 mobile subscribers.

### *Impact of COVID-19*

In March 2020, the World Health Organization declared the recent outbreak of COVID-19 to be a global pandemic. In response to the COVID-19 pandemic, emergency measures have been imposed by governments worldwide, including travel restrictions, restrictions on social activity and the shutdown of non-essential businesses. These measures have adversely impacted the global economy, disrupted global supply chains and created significant volatility and disruption of financial markets. While it is not currently possible to estimate the duration and severity of the COVID-19 pandemic or the adverse economic impact resulting from the preventative measures taken to contain or mitigate its outbreak, an extended period of global economic disruption could have a material adverse impact on our business, financial condition and results of operations in future periods, including with respect to, among other items, (i) our ability to access capital necessary to fund property and equipment additions, debt service requirements, acquisitions and other investment opportunities or other liquidity needs, (ii) the ability of our customers to pay for our products and services, (iii) our ability to maintain or increase our residential and business subscriber levels, (iv) our ability to offer attractive programming, particularly in consideration of the recent cancellation of numerous worldwide sporting events, and (v) the ability of our suppliers and vendors to provide products and services to us. We may also be adversely impacted by any government mandated regulations on our business that could be implemented in response to the COVID-19 pandemic. In addition, the countries in which we operate may seek new or increased revenue sources due to fiscal deficits that result from measures taken to mitigate the adverse economic impacts of COVID-19, such as by imposing new taxes on the products and services we provide. We are currently unable to predict the extent of any of these potential adverse effects.

### *Competition and Other External Factors*

We are experiencing competition in all of the markets in which we operate. This competition, together with macroeconomic and regulatory factors, has adversely impacted our revenue, number of customers and/or average monthly subscription revenue per fixed-line customer or mobile subscriber, as applicable (**ARPU**). For additional information regarding the revenue impact of changes in fixed-line customers and ARPU of our reportable segments, see *Discussion and Analysis of our Reportable Segments* below.

In addition to competition, our operations are subject to macroeconomic, political and other risks that are outside of our control. For example, on June 23, 2016, the U.K. held a referendum in which voters approved, on an advisory basis, an exit from the E.U., commonly referred to as “**Brexit**.” The U.K. formally exited the E.U. on January 31, 2020, and has now entered into a transition period until December 31, 2020, during which the U.K. and the E.U. will negotiate to formalize the future U.K.-E.U. relationship with respect to a number of matters, most notably trade. Although the U.K. has ceased to be an E.U. member, during the transition period their trading relationship will remain the same and the U.K. will continue to follow the E.U.’s rules, such as accepting rulings from the European Court of Justice, and the U.K. will continue to contribute to the E.U.’s budget. Uncertainty remains as to what specific terms of separation may be agreed during the transition period. It is possible that the U.K. will fail to agree to specific separation terms with the E.U. by the end of the transition period, which, absent extension, may require the U.K. to leave

the E.U. under a so-called “hard Brexit” or “no-deal Brexit” without specific agreements on trade, finance and other key elements. The foregoing has caused uncertainty as to Brexit’s impact on the free movement of goods, services, people and capital between the U.K. and the E.U., customer behavior, economic conditions, interest rates, currency exchange rates and availability of capital. The effects of Brexit could adversely affect our business, results of operations and financial condition.

## Material Changes in Results of Operations

Changes in foreign currency exchange rates have a significant impact on our reported operating results as most of our operating segments have functional currencies other than the euro. Our primary exposure to foreign exchange (FX) risk during the three months ended March 31, 2020 was to the Swiss franc and other local currencies in Europe as 97.1% of our euro revenue during the period was derived from our combined entities whose functional currencies are those other than the euro. The portions of the changes in the various components of our results of operations that are attributable to changes in FX are highlighted under *Discussion and Analysis of our Reportable Segments* and *Discussion and Analysis of our Combined Operating Results* below.

## Discussion and Analysis of our Reportable Segments

### General

Our reportable segments derive their revenue primarily from residential and B2B communications services, including video, broadband internet, fixed-line telephony and mobile services. For detailed information regarding the composition of our reportable segments and how we define and categorize our revenue components, see note 13 to our condensed combined financial statements.

The tables presented below in this section provide the details of the revenue and Segment OCF of our combined reportable segments for the three months ended March 31, 2020 and 2019. These tables present (i) the amounts reported for the current and comparative periods, (ii) the reported euro and percentage change from period to period and (iii) the organic percentage change from period to period. For our organic comparisons, which exclude the impact of FX, we assume that exchange rates remained constant at the prior-year rate during all periods presented. We also provide a table showing the Segment OCF margins of our combined reportable segments for the three months ended March 31, 2020 and 2019 at the end of this section.

All of our revenue is derived from jurisdictions that administer VAT or similar revenue-based taxes. Any increases in these taxes could have an adverse impact on our ability to maintain or increase our revenue to the extent that we are unable to pass such tax increases on to our customers. In the case of revenue-based taxes for which we are the ultimate taxpayer, we will also experience increases in our operating costs and expenses and corresponding declines in our Segment OCF and Segment OCF margins to the extent of any such tax increases.

We pay interconnection fees to other telephony providers when calls or text messages from our subscribers terminate on another network, and we receive similar fees from such providers when calls or text messages from their customers terminate on our networks or networks that we access through MVNO or other arrangements. The amounts we charge and incur with respect to fixed-line telephony and mobile interconnection fees are subject to regulatory oversight. To the extent that regulatory authorities introduce fixed-line or mobile termination rate changes, we would experience prospective changes and, in very limited cases, we could experience retroactive changes in our interconnect revenue and/or costs. The ultimate impact of any such changes in termination rates on our Segment OCF would be dependent on the call or text messaging patterns that are subject to the changed termination rates.

We are subject to inflationary pressures with respect to certain costs and foreign currency exchange risk with respect to costs and expenses that are denominated in currencies other than the respective functional currencies of our combined reportable segments (**non-functional currency expenses**). Any cost increases that we are not able to pass on to our subscribers through rate increases would result in increased pressure on our operating margins.

## Revenue of our Reportable Segments

*General.* While not specifically discussed in the below explanations of the changes in the revenue of our reportable segments, we are experiencing competition in all of our markets. This competition has an adverse impact on our ability to increase or maintain our total number of customers and/or our ARPU.

Variances in the subscription revenue that we receive from our customers are a function of (i) changes in the number of our fixed-line customers or mobile subscribers outstanding during the period and (ii) changes in ARPU. Changes in ARPU can be attributable to (a) changes in prices, (b) changes in bundling or promotional discounts, (c) changes in the tier of services selected, (d) variances in subscriber usage patterns and (e) the overall mix of cable and mobile products within a segment during the period.

	Three months ended March 31,		Increase		Organic increase (decrease)
	2020	2019	€	%	%
	in millions, except percentages				
Switzerland.....	€ 287.4	€ 278.3	€ 9.1	3.3	(2.7)
Central and Eastern Europe.....	108.2	104.9	3.3	3.1	3.5
Total.....	€ 395.6	€ 383.2	€ 12.4	3.2	(1.0)

N.M. — Not Meaningful.

*Switzerland.* The details of the increase in Switzerland's revenue during the three months ended March 31, 2020, as compared to the corresponding period in 2019, are set forth below:

	<b>Subscription revenue</b>	<b>Non- subscription revenue</b>	<b>Total</b>
	<b>in millions</b>		
Decrease in residential cable subscription revenue due to change in:			
Average number of customers .....	€ (13.8)	€ —	€ (13.8)
ARPU .....	(5.5)	—	(5.5)
Increase in residential cable non-subscription revenue (a) .....	—	0.8	0.8
Total increase (decrease) in residential cable revenue .....	(19.3)	0.8	(18.5)
Increase in residential mobile revenue (b) .....	3.8	5.1	8.9
Increase (decrease) in B2B revenue (c) .....	(0.2)	2.3	2.1
Increase in other revenue .....	—	0.1	0.1
Total organic increase (decrease) .....	(15.7)	8.3	(7.4)
Impact of FX .....	12.5	4.0	16.5
Total .....	€ (3.2)	€ 12.3	€ 9.1

- (a) The increase in residential cable non-subscription revenue is primarily attributable to an increase in revenue associated with our Swiss sports channels, including a €1.5 million increase associated with the acceleration of revenue from our distribution partner for the broadcast of ice hockey in Switzerland. Switzerland's ice hockey league has been cancelled as a result of the COVID-19 pandemic, which resulted in the prepaid amounts for the associated sports rights that were previously scheduled to be expensed during the second quarter of 2020 to be recognized during the first quarter of 2020. Accordingly, the associated revenue that would have been recorded in April 2020 has been recognized during the first quarter of 2020.
- (b) The increase in residential mobile subscription revenue is primarily due to an increase in the average number of mobile subscribers. The increase in residential mobile non-subscription revenue is largely attributable to (i) an increase in revenue from mobile handset sales and (ii) higher interconnect revenue.
- (c) The increase in B2B non-subscription revenue is primarily attributable to (i) an increase in interconnect revenue and (ii) higher revenue from wholesale fixed-line telephony services.

*Central and Eastern Europe.* The details of the increase in Central and Eastern Europe's revenue during the three months ended March 31, 2020, as compared to the corresponding period in 2019, are set forth below:

	<b>Subscription revenue</b>	<b>Non- subscription revenue</b>	<b>Total</b>
	<b>in millions</b>		
Increase in residential cable subscription revenue due to change in:			
Average number of customers .....	€ 1.3	€ —	€ 1.3
ARPU .....	1.3	—	1.3
Decrease in residential cable non-subscription revenue .....	—	(0.2)	(0.2)
Total increase (decrease) in residential cable revenue .....	2.6	(0.2)	2.4
Increase in residential mobile revenue .....	0.1	0.1	0.2
Increase in B2B revenue .....	0.5	0.2	0.7
Increase in other non-subscription revenue .....	—	0.4	0.4
Total organic increase .....	3.2	0.5	3.7
Impact of FX .....	(0.3)	(0.1)	(0.4)
Total .....	€ 2.9	€ 0.4	€ 3.3

### ***Programming and Other Direct Costs of Services of our Reportable Segments***

Programming and other direct costs of services include programming and copyright costs, interconnect and access costs, costs of mobile handsets and other devices and other direct costs related to our operations. Programming and copyright costs represent a significant portion of our operating costs and are subject to rise in future periods due to various factors, including (i) higher costs associated with the expansion of our digital video content, including rights associated with ancillary product offerings and rights that provide for the broadcast of live sporting events and (ii) rate increases.

	Three months ended March 31,		Increase		Organic increase
	2020	2019 (a)	€	%	%
	in millions, except percentages				
Switzerland .....	€ 78.1	€ 56.9	€ 21.2	37.3	29.4
Central and Eastern Europe .....	27.1	26.7	0.4	1.5	2.0
Central and Corporate and intersegment eliminations.....	—	(0.1)	0.1	N.M.	N.M.
Total.....	€ 105.2	€ 83.5	€ 21.7	26.0	20.7

N.M. — Not Meaningful.

(a) As retrospectively revised, see note 4.

Our programming and other direct costs of services increased €21.7 million or 26.0% during the three months ended March 31, 2020, as compared to the corresponding period in 2019. On an organic basis, our programming and other direct costs of services increased €17.3 million or 20.7%. This increase includes the following factors:

- An increase in interconnect and access costs of €7.8 million or 39.8%, primarily related to Switzerland, including (i) higher MVNO costs and (ii) an increase in interconnect and roaming costs;
- An increase in mobile handset and other device costs of €4.8 million or 240.8%, primarily due to higher sales volumes in Switzerland; and
- An increase in programming and copyright costs of €1.4 million or 2.7%, primarily due to an increase in Switzerland related to higher costs for certain premium and/or basic content, including an increase of €3.5 million due to the acceleration of certain costs for sports rights as a result of the COVID-19 pandemic. In this respect, Switzerland's ice hockey league has been cancelled and as a result, prepaid amounts for the associated sports rights that were previously scheduled to be expensed during the second quarter of 2020 have been recognized during the first quarter of 2020.

### ***Other Operating Expenses of our Reportable Segments***

Other operating expenses include network operations, customer operations, customer care and other costs related to our operations.

	Three months ended March 31,		Increase (decrease)		Organic decrease
	2020	2019 (a)(b)	€	%	%
in millions, except percentages					
Switzerland.....	€ 42.1	€ 40.0	€ 2.1	5.3	(0.4)
Central and Eastern Europe.....	14.9	14.9	—	—	—
Central and Corporate and intersegment eliminations .....	—	0.4	(0.4)	N.M.	N.M.
Total .....	<u>€ 57.0</u>	<u>€ 55.3</u>	<u>€ 1.7</u>	<u>3.1</u>	<u>(1.3)</u>

N.M. — Not Meaningful.

(a) As retrospectively revised, see note 4.

(b) Amounts have been revised to reflect the retrospective impact of the T&I Allocation, as further described in note 13 to our condensed combined financial statements.

Our other operating expenses increased €1.7 million or 3.1% during the three months ended March 31, 2020, as compared to the corresponding period in 2019. On an organic basis, our other operating expenses decreased €0.7 million or 1.3%.

### ***SG&A Expenses of our Reportable Segments***

SG&A expenses include human resources, information technology, general services, management, finance, legal, external sales and marketing costs, share-based compensation and other general expenses. We do not include share-based compensation in the following discussion and analysis of the SG&A expenses of our reportable segments as share-based compensation expense is not included in the performance measures of our reportable segments.

	Three months ended March 31,		Increase (decrease)		Organic increase (decrease)
	2020	2019 (a)(b)	€	%	%
<b>in millions, except percentages</b>					
Switzerland.....	€ 45.5	€ 43.7	€ 1.8	4.1	(2.0)
Central and Eastern Europe.....	16.9	16.1	0.8	5.0	5.5
Central and Corporate and intersegment eliminations .....	—	0.3	(0.3)	N.M.	N.M.
Total SG&A expenses excluding share-based compensation expense.....	62.4	60.1	2.3	3.8	(0.5)
Share-based compensation expense .....	3.9	4.8	(0.9)	N.M.	
Total .....	€ 66.3	€ 64.9	€ 1.4	2.2	

N.M. — Not Meaningful.

(a) As retrospectively revised, see note 4.

(b) Amounts have been revised to reflect the retrospective impact of the T&I Allocation, as further described in note 13 to our condensed combined financial statements.

Our SG&A expenses (exclusive of share-based compensation expense) increased €2.3 million or 3.8% during the three months ended March 31, 2020, as compared to the corresponding period in 2019. On an organic basis, our SG&A expenses decreased €0.3 million or 0.5%.

### ***Segment OCF of our Reportable Segments***

Segment OCF is the primary measure used by our chief operating decision maker to evaluate segment operating performance. For the definition of this performance measure and for a reconciliation of total Segment OCF from continuing operations to loss from continuing operations before income taxes, see note 13 to our condensed combined financial statements.

	Three months ended March 31,		Increase (decrease)		Organic increase (decrease)
	2020	2019 (a)(b)	€	%	%
in millions, except percentages					
Switzerland .....	€ 121.7	€ 137.7	€ (16.0)	(11.6)	(16.0)
Central and Eastern Europe .....	49.3	47.2	2.1	4.4	4.8
Central and Corporate and intersegment eliminations.....	—	(0.6)	0.6	N.M.	N.M.
Total.....	€ 171.0	€ 184.3	€ (13.3)	(7.2)	(10.9)

N.M. — Not Meaningful.

- (a) As retrospectively revised, see note 4.
- (b) Amounts have been revised to reflect the retrospective impact of the T&I Allocation, as further described in note 13 to our condensed combined financial statements..

### ***Segment OCF Margin***

The following table sets forth the Segment OCF margins (Segment OCF divided by revenue) of each of our reportable segments:

	Three months ended March 31,	
	2020	2019 (a)(b)
	%	
Switzerland.....	42.3	49.5
Central and Eastern Europe.....	45.6	45.1
Total, including other.....	43.2	48.1

- (a) As retrospectively revised, see note 4.
- (b) Amounts have been revised to reflect the retrospective impact of the T&I Allocation, as further described in note 13 to our condensed combined financial statements..

For discussion of the factors contributing to the changes in the Segment OCF margins of our reportable segments, see the above analyses of the revenue and expenses of our reportable segments.

## Discussion and Analysis of our Combined Operating Results

### General

For more detailed explanations of the changes in our revenue see the *Discussion and Analysis of our Reportable Segments* above.

### Revenue

Our revenue by major category is set forth below:

	Three months ended March 31,		Increase (decrease)		Organic increase (decrease)
	2020	2019	€	%	%
	in millions, except percentages				
Residential revenue:					
Residential cable revenue (a):					
Subscription revenue (b):					
Video .....	€ 166.0	€ 170.1	€ (4.1)	(2.4)	(5.6)
Broadband internet .....	97.0	97.8	(0.8)	(0.8)	(5.0)
Fixed-line telephony .....	25.8	26.8	(1.0)	(3.7)	(8.2)
Total subscription revenue .....	288.8	294.7	(5.9)	(2.0)	(5.7)
Non-subscription revenue .....	23.2	21.4	1.8	8.4	2.8
Total residential cable revenue .....	312.0	316.1	(4.1)	(1.3)	(5.1)
Residential mobile revenue (c):					
Subscription revenue (b) .....	17.9	12.9	5.0	38.8	30.2
Non-subscription revenue .....	9.2	3.6	5.6	155.6	144.0
Total residential mobile revenue .....	27.1	16.5	10.6	64.2	55.2
Total residential revenue .....	339.1	332.6	6.5	2.0	(2.1)
B2B revenue (d):					
Subscription revenue .....	12.1	11.5	0.6	5.2	2.6
Non-subscription revenue .....	43.4	38.7	4.7	12.1	6.5
Total B2B revenue .....	55.5	50.2	5.3	10.6	5.6
Other revenue .....	1.0	0.4	0.6	150.0	N.M.
Total .....	€ 395.6	€ 383.2	€ 12.4	3.2	(1.0)

N.M. — Not Meaningful.

- (a) Residential cable subscription revenue includes amounts received from subscribers for ongoing services and the recognition of deferred installation revenue over the associated contract period. Residential cable non-subscription revenue includes, among other items, channel carriage fees, late fees and revenue from the sale of equipment.
- (b) Residential subscription revenue from subscribers who purchase bundled services at a discounted rate is generally allocated proportionally to each service based on the standalone price for each individual service. As a result, changes in the standalone pricing of our cable and mobile products or the composition of bundles can contribute to changes in our product revenue categories from period to period.
- (c) Residential mobile subscription revenue includes amounts received from subscribers for ongoing services. Residential mobile non-subscription revenue includes, among other items, interconnect revenue and revenue from sales of mobile handsets and other devices. Residential mobile interconnect revenue was €2.5 million and €1.3 million during the three months ended March 31, 2020 and 2019, respectively.

- (d) B2B subscription revenue represents revenue from SOHO subscribers. SOHO subscribers pay a premium price to receive expanded service levels along with video, broadband internet, fixed-line telephony or mobile services that are the same or similar to the mass marketed products offered to our residential subscribers. A portion of the increase in our B2B subscription revenue is attributable to the conversion of certain residential subscribers to SOHO subscribers. B2B non-subscription revenue includes revenue from business broadband internet, video, fixed-line telephony, mobile and data services offered to medium to large enterprises and, on a wholesale basis, to other operators.

*Total revenue.* Our combined revenue increased €12.4 million or 3.2% during the three months ended March 31, 2020, as compared to the corresponding period in 2019. On an organic basis, our combined revenue decreased €3.7 million or 1.0%.

*Residential revenue.* The details of the increase in our combined residential revenue for the three months ended March 31, 2020, as compared to the corresponding period in 2019, are as follows (in millions):

Decrease in residential cable subscription revenue due to change in:	
Average number of customers .....	€ (5.7)
ARPU .....	(11.0)
Increase in residential cable non-subscription revenue .....	0.6
Total decrease in residential cable revenue .....	(16.1)
Increase in residential mobile subscription revenue .....	3.9
Increase in residential mobile non-subscription revenue .....	5.2
Total organic decrease in residential revenue .....	(7.0)
Impact of FX .....	13.5
Total increase in residential revenue .....	€ 6.5

On an organic basis, our combined residential cable subscription revenue decreased €16.7 million or 5.7% during the three months ended March 31, 2020, as compared to the corresponding period in 2019, primarily due to a decrease in Switzerland.

On an organic basis, our combined residential cable non-subscription revenue increased €0.6 million or 2.8% during the three months ended March 31, 2020, as compared to the corresponding period in 2019, primarily due to an increase in Switzerland, partially offset by a decrease in Poland.

On an organic basis, our combined residential mobile subscription revenue increased €3.9 million or 30.2% during the three months ended March 31, 2020, as compared to the corresponding period in 2019, primarily attributable to an increase in Switzerland.

On an organic basis, our combined residential mobile non-subscription revenue increased €5.2 million or 144.0% during the three months ended March 31, 2020, as compared to the corresponding period in 2019, primarily due to an increase in Switzerland.

*B2B revenue.* On an organic basis, our combined B2B subscription revenue increased €0.3 million or 2.6% during the three months ended March 31, 2020, as compared to the corresponding period in 2019, primarily attributable to an increase in SOHO revenue in Poland, partially offset by a decrease in Switzerland. On an organic basis, our combined B2B non-subscription revenue increased €2.5 million or 6.5% during the three months ended March 31, 2020, as compared to the corresponding period in 2019, primarily due to an increase in Switzerland.

For additional information concerning the changes in our residential and B2B revenue, see *Discussion and Analysis of our Reportable Segments* above.

#### *Programming and other direct costs of services*

Our programming and other direct costs of services increased €21.7 million or 26.0% during the three months ended March 31, 2020, as compared to the corresponding period in 2019. On an organic basis, our programming and other direct costs of services increased €17.3 million or 20.7%. For additional information regarding the changes in our programming and other direct costs of services, see *Discussion and Analysis of our Reportable Segments — Programming and Other Direct Costs of Services of our Reportable Segments* above.

### *Other operating expenses*

Our other operating expenses increased €1.7 million or 3.1% during the three months ended March 31, 2020, as compared to the corresponding period in 2019. On an organic basis, our other operating expenses decreased €0.7 million or 1.3%. For additional information regarding the changes in our other operating expenses, see *Discussion and Analysis of our Reportable Segments — Other Operating Expenses of our Reportable Segments* above.

### *SG&A expenses*

Our SG&A expenses increased €1.4 million or 2.2% during the three months ended March 31, 2020, as compared to the corresponding period in 2019. Our SG&A expenses include share-based compensation expense, which decreased €0.9 million during the three months ended March 31, 2020, as compared to the corresponding period in 2019. Excluding share-based compensation, on an organic basis our SG&A expenses decreased €0.3 million or 0.5%. For additional information regarding the changes in our SG&A expenses, see *Discussion and Analysis of our Reportable Segments — SG&A Expenses of our Reportable Segments* above.

### *Related-party fees and allocations, net*

We recorded related-party fees and allocations, net, related to our estimated share of the applicable costs incurred by Liberty Global subsidiaries of €60.5 million and €39.3 million during the three months ended March 31, 2020 and 2019, respectively. These charges generally relate to management, finance, legal, technology and other corporate and administrative services provided to or by our combined entities. For additional information, including the impact of the T&I Allocation on our related-party fees and allocations, net, see notes 11 and 13 to our condensed combined financial statements.

### *Depreciation and amortization expense*

Our depreciation and amortization expense was €90.2 million and €84.5 million for the three months ended March 31, 2020 and 2019, respectively. Excluding the effects of FX, depreciation and amortization expense increased €2.1 million or 2.4%, primarily due to the net effect of (i) an increase associated with property and equipment additions related to the installation of customer premises equipment, the expansion and upgrade of our networks and other capital initiatives, primarily in Poland and Slovakia, (ii) a decrease associated with certain intangibles becoming fully amortized, primarily in Poland, and (iii) a decrease associated with certain assets becoming fully depreciated in Poland and Slovakia.

### *Impairment, restructuring and other operating items, net*

We recognized impairment, restructuring and other operating items, net, of €12.2 million and €1.0 million during the three months ended March 31, 2020 and 2019, respectively. These amounts are primarily related to employee severance and termination costs related to certain reorganization activities in Switzerland.

### *Interest expense*

Our interest expense decreased €23.4 million during the three months ended March 31, 2020, as compared to the corresponding period in 2019. This decrease includes a decrease of €20.6 million related to third-party interest expense, primarily due to lower weighted average interest rates. For additional information regarding our outstanding indebtedness, see note 8 to our condensed combined financial statements.

It is possible that the interest rates on (i) any new borrowings could be higher than the current interest rates on our existing indebtedness and (ii) our variable-rate indebtedness could increase in future periods. As further discussed in note 5 to our condensed combined financial statements, we use derivative instruments to manage our interest rate risks.

In July 2017, the U.K. Financial Conduct Authority (the authority that regulates LIBOR) announced that it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. Additionally, the European Money Markets Institute (the authority that administers EURIBOR) has announced that measures will need to be undertaken by the end of 2021 to reform EURIBOR to ensure compliance with E.U. Benchmarks Regulation. Currently, it is not possible to predict the exact transitional arrangements for calculating applicable reference rates that may be made in the U.K., the U.S., the Eurozone or elsewhere given that a number of outcomes are possible, including the cessation of the publication of one or more reference rates. Our loan documents contain provisions that contemplate alternative calculations of the base rate applicable to our LIBOR-indexed and EURIBOR-indexed debt to the extent LIBOR or EURIBOR (as applicable) are not available, which alternative calculations we do not anticipate

will be materially different from what would have been calculated under LIBOR or EURIBOR (as applicable). Additionally, no mandatory prepayment or redemption provisions would be triggered under our loan documents in the event that either the LIBOR rate or the EURIBOR rate is not available. It is possible, however, that any new reference rate that applies to our LIBOR-indexed or EURIBOR-indexed debt could be different than any new reference rate that applies to our LIBOR-indexed or EURIBOR-indexed derivative instruments. We anticipate managing this difference and any resulting increased variable-rate exposure through modifications to our debt and/or derivative instruments, however future market conditions may not allow immediate implementation of desired modifications and the company may incur significant associated costs.

*Realized and unrealized gains on derivative instruments, net*

Our realized and unrealized gains or losses on derivative instruments include (i) unrealized changes in the fair values of our derivative instruments that are non-cash in nature until such time as the derivative contracts are fully or partially settled and (ii) realized gains or losses upon the full or partial settlement of the derivative contracts. The details of our realized and unrealized gains on derivative instruments, net, are as follows:

		<b>Three months ended March 31,</b>	
		<b>2020</b>	<b>2019</b>
		<b>in millions</b>	
Cross-currency and interest rate derivative contracts (a) .....	€	80.9	€ 57.9
Foreign currency forward and option contracts .....		1.2	(10.3)
Other .....		(0.9)	0.2
Total .....	€	<u>81.2</u>	<u>€ 47.8</u>

- (a) The gain for the 2020 period is primarily attributable to the net effect of (i) a net gain associated with changes in certain market interest rates and (ii) a net loss associated with changes in the relative value of certain currencies. In addition, the gain for the 2020 period includes a net gain of €30.7 million resulting from changes in our credit risk valuation adjustments. The gain for the 2019 period is attributable to net gains associated with changes in (a) the relative value of certain currencies and (ii) certain market interest rates. In addition, the gain for the 2019 period includes a net loss of €28.7 million resulting from changes in our credit risk valuation adjustments.

For additional information regarding our derivative instruments, see notes 5 and 6 to our condensed combined financial statements.

*Foreign currency transaction losses, net*

Our foreign currency transaction gains or losses primarily result from the remeasurement of monetary assets and liabilities that are denominated in currencies other than the underlying functional currency of the applicable entity. Unrealized foreign currency transaction gains or losses are computed based on period-end exchange rates and are non-cash in nature until such time as the amounts are settled. The details of our foreign currency transaction losses, net, are as follows:

		<b>Three months ended March 31,</b>	
		<b>2020</b>	<b>2019 (a)</b>
		<b>in millions</b>	
Intercompany payables and receivables denominated in a currency other than the entity's functional currency (b) .....	€	(42.8)	€ (35.9)
U.S. dollar-denominated debt issued by euro functional currency entities .....		6.5	(27.6)
Cash and restricted cash denominated in a currency other than the entity's functional currency ...		(0.1)	1.5
Other .....		(1.0)	(0.7)
Total .....	€	<u>(37.4)</u>	<u>€ (62.7)</u>

- (a) As retrospectively revised, see note 4.

- (b) Amounts primarily relate to (i) loans between certain of our non-operating and operating entities, which generally are denominated in the currency of the applicable operating entity, and (ii) loans between certain of our non-operating entities.

#### *Losses on debt extinguishment, net*

We recognized net losses on debt extinguishment of €32.5 million and nil during the three months ended March 31, 2020 and 2019, respectively.

The loss during the three months ended March 31, 2020 is attributable to (i) the payment of €28.1 million of redemption premiums and (ii) the write-off of €4.4 million of unamortized deferred financing costs and discounts. For additional information concerning our losses on debt extinguishment, net, see note 8 to our condensed combined financial statements.

#### *Income tax expense*

We recognized income tax expense of €6.3 million and €13.0 million during the three months ended March 31, 2020 and 2019, respectively.

The income tax expense during the three months ended March 31, 2020 and 2019 differs from the expected income tax benefit of €5.5 million and €3.8 million, respectively, (based on the Dutch 25.0% income tax rate) primarily due to the net negative impact of (i) an increase in valuation allowances and (ii) certain permanent differences between the financial and tax accounting treatment of interest and other items.

For additional information concerning our income taxes, see note 10 to our condensed combined financial statements.

#### *Loss from continuing operations*

During the three months ended March 31, 2020 and 2019, we reported losses from continuing operations of €28.1 million and €28.3 million, respectively, consisting of (i) operating income of €4.2 million and €54.7 million, respectively, (ii) net non-operating expense of €26.0 million and €70.0 million, respectively, and (iii) income tax expense of €6.3 million and €13.0 million, respectively.

Gains or losses associated with (i) changes in the fair values of derivative instruments and (ii) movements in foreign currency exchange rates are subject to a high degree of volatility and, as such, any gains from these sources do not represent a reliable source of income. In the absence of significant gains in the future from these sources or from other non-operating items, our ability to achieve earnings from operations is largely dependent on our ability to increase our aggregate Segment OCF to a level that more than offsets the aggregate amount of our (a) share-based compensation expense, (b) related-party fees and allocations, net, (c) depreciation and amortization, (d) impairment, restructuring and other operating items, (e) interest expense, (f) other non-operating expenses and (g) income tax expense.

Subject to the limitations included in our various debt instruments, we expect that Liberty Global will cause our company to maintain our debt at current levels relative to our Covenant EBITDA. As a result, we expect that we will continue to report significant levels of interest expense for the foreseeable future. For information concerning our expectations with respect to trends that may affect certain aspects of our operating results in future periods, see the discussion under *Overview* above. For information concerning the reasons for changes in specific line items in our condensed combined statements of operations, see the discussion under *Discussion and Analysis of our Reportable Segments* and *Discussion and Analysis of our Combined Operating Results* above.

#### *Earnings from discontinued operations*

We reported earnings from discontinued operations, net of taxes, of €34.0 million during the three months ended March 31, 2019 related to the operations of the Vodafone Disposal Group and UPC DTH. For additional information, see note 4 to our condensed combined financial statements.

## Material Changes in Financial Condition

### *Sources and Uses of Cash*

The UPC Holding Group's primary assets are its investments in its combined entities, and the majority of our operating entities are owned by UPC Broadband Holding. Although our combined operating entities generate cash from operating activities, the terms of the instruments governing the indebtedness of UPC Broadband Holding may restrict our ability to access the liquidity of these entities. These entities accounted for substantially all of our €21.5 million of combined cash and cash equivalents at March 31, 2020. In addition, our ability to access the liquidity of these and other combined entities may be limited by tax and legal considerations, the presence of noncontrolling interests and other factors.

#### *Corporate Liquidity of the UPC Holding Group*

As the UPC Holding Group typically does not hold significant amounts of cash and cash equivalents at the corporate level, the UPC Holding Group's primary source of corporate liquidity is proceeds received from UPC Broadband Holding (and indirectly from UPC Broadband Holding's combined entities) in the form of loans or distributions. As noted above, various factors may limit the ability of the UPC Holding Group's combined entities to loan or distribute cash. From time to time, the UPC Holding Group may also supplement its sources of corporate liquidity with net proceeds received in connection with the issuance of debt instruments and/or loans or contributions from LGE Financing (and ultimately Liberty Global and other Liberty Global subsidiaries). No assurance can be given that any external funding would be available on favorable terms, or at all.

The UPC Holding Group's corporate liquidity requirements include (i) corporate general and administrative expenses and (ii) interest payments on the UPC Holding Senior Notes. From time to time, UPC Holding may also require cash in connection with (a) the repayment of third-party and related-party debt (including the repurchase or exchange of outstanding debt securities in the open market or privately-negotiated transactions and net repayments to LGE Financing pursuant to the Shareholder Loan, as described in note 11 to our condensed combined financial statements), (b) the funding of loans or distributions to LGE Financing (and ultimately Liberty Global and other Liberty Global subsidiaries), (c) the satisfaction of contingent liabilities, (d) acquisitions, (e) other investment opportunities or (f) income tax payments.

#### *Liquidity of Combined Operating Entities*

In addition to cash and cash equivalents, the primary source of liquidity of our combined operating entities is cash provided by operations and, in the case of UPC Broadband Holding, borrowing availability under the UPC Holding Bank Facility. For the details of the borrowing availability under the UPC Holding Bank Facility at March 31, 2020, see note 8 to our condensed combined financial statements. Our combined operating entities' liquidity generally is used to fund property and equipment additions, debt service requirements and payments required by the UPC Holding Group's derivative instruments. From time to time, our combined operating entities may also require liquidity in connection with (i) acquisitions and other investment opportunities, (ii) loans to UPC Holding or other Liberty Global subsidiaries, (iii) capital distributions to UPC Holding or (iv) the satisfaction of contingent liabilities. No assurance can be given that any external funding would be available to our combined operating entities on favorable terms, or at all.

For additional information regarding our combined cash flows, see the discussion under *Condensed Combined Statements of Cash Flows* below.

### *Capitalization*

When it is cost effective, we generally seek to match the denomination of the borrowings of our combined entities with the functional currency of the operations that are supporting the respective borrowings. As further discussed in note 5 to our condensed combined financial statements, we also use derivative instruments to mitigate foreign currency and interest rate risk associated with our debt instruments.

Our ability to service or refinance our debt and to maintain compliance with the leverage covenants in the credit agreements and indentures of the UPC Holding Group is dependent primarily on our ability to maintain or increase the Covenant EBITDA of our operating entities and to achieve adequate returns on our property and equipment additions and acquisitions. In addition, our ability to obtain additional debt financing is limited by the incurrence-based leverage covenants contained in the UPC Holding Group's debt instruments. For example, if our Covenant EBITDA were to decline, our ability to obtain additional debt could be limited. At March 31, 2020, the UPC Holding Group was in compliance with its respective debt covenants. In addition, we do not

anticipate any instances of non-compliance with respect to any of our debt covenants that would have a material adverse impact on our liquidity during the next 12 months.

At March 31, 2020, the outstanding principal amount of our combined third-party debt, together with our finance lease obligations, aggregated €3,846.5 million, including €570.4 million that is classified as current on our condensed combined balance sheet and €3,264.8 million that is not due until 2026 or thereafter.

Notwithstanding our negative working capital position at March 31, 2020, we believe we have sufficient resources to repay or refinance the current portion of our debt and finance lease obligations and to fund our foreseeable liquidity requirements during the next 12 months. However, as our maturing debt grows in later years, we anticipate we will seek to refinance or otherwise extend our debt maturities. No assurance can be given that we will be able to complete these refinancing transactions or otherwise extend our debt maturities. In this regard, it is not possible to predict how political and economic conditions (including with respect to the recent COVID-19 pandemic), sovereign debt concerns or any adverse regulatory developments could impact the credit markets we access and, accordingly, our future liquidity and financial position. Our ability to access debt financing on favorable terms, or at all, could be adversely impacted by (i) the financial failure of any of our counterparties, which could (a) reduce amounts available under committed credit facilities and (b) adversely impact our ability to access cash deposited with any failed financial institution and (ii) tightening of the credit markets. In addition, sustained or increased competition, particularly in combination with adverse economic or regulatory developments, could have an unfavorable impact on our cash flows and liquidity.

With the exception of the UPC Holding Senior Notes, all of our third-party debt and finance lease obligations had been borrowed or incurred by our combined entities at March 31, 2020.

For information regarding the potential impact of the COVID-19 pandemic on our company's liquidity, see the discussion included above in *Overview*. For additional information regarding our debt and finance lease obligations, see notes 8 and 9, respectively, to our condensed combined financial statements.

### ***Condensed Combined Statements of Cash Flows***

*General.* Our cash flows are subject to significant variations due to FX.

*Summary.* Our condensed combined statements of cash flows of our continuing operations for the three months ended March 31, 2020 and 2019 are summarized as follows:

	Three months ended		
	March 31,		
	2020	2019 (a)	Change
	in millions		
Net cash provided by operating activities .....	€ 110.6	€ 140.6	€ (30.0)
Net cash provided (used) by investing activities.....	(27.6)	49.4	(77.0)
Net cash used by financing activities .....	(82.0)	(208.1)	126.1
Effect of exchange rate changes on cash and cash equivalents and restricted cash...	(1.7)	13.0	(14.7)
Net decrease in cash and cash equivalents and restricted cash .....	€ (0.7)	€ (5.1)	€ 4.4

(a) As retrospectively revised, see note 4.

*Operating Activities.* The decrease in net cash provided by our operating activities is primarily attributable to the net effect of (i) a decrease in cash provided by our Segment OCF and related working capital charges, (ii) an increase in cash provided due to lower cash payments for third-party interest and (iii) an increase in cash provided due to higher cash receipts related to derivative instruments.

*Investing Activities.* The change in net cash provided (used) by our investing activities is attributable to the net effect of (i) a decrease in cash of €112.1 million associated with lower repayments from related parties and (ii) an increase in cash of €37.1 million due to lower capital expenditures.

The capital expenditures we report in our condensed combined statements of cash flows do not include (i) amounts that are financed under capital-related vendor financing or finance lease arrangements or (ii) purchased assets transferred to our company by another entity under the common control of Liberty Global in exchange for non-cash increases to the Shareholder Loan or non-cash decreases to the LGEF Receivable or non-cash contributions from our parent entities (non-cash related-party capital additions). Instead, these amounts are reflected as non-cash additions to our property and equipment when the underlying assets are delivered, and in the case of capital-related vendor financing and finance lease arrangements and non-cash related-party capital additions that are settled through increases to the Shareholder Loan, as repayments of debt when the principal is repaid. In this discussion, we refer to (a) our capital expenditures as reported in our condensed combined statements of cash flows, which exclude non-cash related-party capital additions and amounts financed under capital-related vendor financing or finance lease arrangements, and (b) our total property and equipment additions, which include our capital expenditures on an accrual basis, non-cash related-party capital additions and amounts financed under capital-related vendor financing or finance lease arrangements. For additional information, see notes 7, 8 and 9 to our condensed combined financial statements. For further details on property and equipment additions, see note 13 to our condensed combined financial statements.

A reconciliation of our combined property and equipment additions to our combined capital expenditures as reported in our condensed combined statements of cash flows is set forth below:

	Three months ended March 31,	
	2020	2019 (a)
	in millions	
Property and equipment additions (b) .....	€ 79.9	€ 70.8
Assets acquired under capital-related vendor financing arrangements .....	(88.7)	(106.1)
Assets acquired under finance leases .....	(0.3)	(0.2)
Changes in current liabilities related to capital expenditures (including related-party amounts) .....	66.9	130.4
Total capital expenditures, net .....	€ 57.8	€ 94.9

(a) As retrospectively revised, see note 4.

(b) The increase in our property and equipment additions during the three months ended March 31, 2020, as compared to the corresponding period in 2019, is primarily attributable to (i) an increase in local currency expenditures of our combined entities, primarily due to (a) an increase in expenditures for the purchase and installation of customer premises equipment and (b) an increase in expenditures for new build and upgrade projects, and (ii) an increase due to FX.

*Financing Activities.* The decrease in net cash used by our financing activities is primarily attributable to the net effect of (i) a decrease in cash used of €200.5 million associated with lower advances to related parties, (ii) an increase in cash used of €23.6 million due to higher cash payments related to derivative instruments and (iii) an increase in cash used of €10.1 million due to higher net repayments of third-party debt and finance lease obligations.

## Contractual Commitments

The euro equivalents of our commitments as of March 31, 2020 are presented below:

	Payments due during:							Total
	Remainder of 2020	2021	2022	2023	2024	2025	Thereafter	
	in millions							
Debt (excluding interest) .....	€ 513.4	€ 54.0	€ —	€ —	€ —	€ —	€ 3,259.9	€ 3,827.3
Finance leases (excluding interest) .....	2.5	2.8	2.6	2.9	1.9	1.6	4.9	19.2
Operating leases .....	19.5	19.9	17.6	15.7	14.7	13.8	63.8	165.0
Programming commitments ....	65.9	49.7	31.6	4.5	—	—	—	151.7
Network and connectivity commitments .....	21.2	10.4	6.6	6.0	1.4	1.1	11.8	58.5
Purchase commitments (a) .....	28.0	0.9	0.1	—	—	—	—	29.0
Total (b) .....	<u>€ 650.5</u>	<u>€ 137.7</u>	<u>€ 58.5</u>	<u>€ 29.1</u>	<u>€ 18.0</u>	<u>€ 16.5</u>	<u>€ 3,340.4</u>	<u>€ 4,250.7</u>
Projected cash interest payments on third-party debt and finance lease obligations (c) .....	<u>€ 77.0</u>	<u>€ 135.0</u>	<u>€ 123.3</u>	<u>€ 123.2</u>	<u>€ 123.0</u>	<u>€ 122.8</u>	<u>€ 357.4</u>	<u>€ 1,061.7</u>

- (a) Includes €4.7 million of related-party purchase obligations due during the remainder of 2020.
- (b) The commitments included in this table do not reflect any liabilities that are included on our March 31, 2020 condensed combined balance sheet other than debt and finance and operating lease obligations. Our liability for uncertain tax positions in the various jurisdictions in which we operate (€3.6 million at March 31, 2020) has been excluded from this table as the amount and timing of any related payments are not subject to reasonable estimation.
- (c) Amounts are based on interest rates, interest payment dates, commitment fees and contractual maturities in effect as of March 31, 2020. These amounts are presented for illustrative purposes only and will likely differ from the actual cash payments required in future periods. In addition, the amounts presented do not include the impact of our interest rate derivative contracts, deferred financing costs, original issue premiums or discounts.

For information concerning our debt obligations, finance and operating lease liabilities and commitments, see notes 8, 9 and 12, respectively, to our condensed combined financial statements.

In addition to the commitments set forth in the table above, we have significant commitments under (i) derivative instruments and (ii) defined benefit plans and similar agreements, pursuant to which we expect to make payments in future periods. For information regarding our derivative instruments, including the net cash paid or received in connection with these instruments during the three months ended March 31, 2020 and 2019, see note 5 to our condensed combined financial statements. For information regarding projected cash flows associated with these derivative instruments, see *Projected Cash Flows Associated with Derivative Instruments* below.

### ***Projected Cash Flows Associated with Derivative Instruments***

The following table provides information regarding the projected cash flows associated with our derivative instruments at March 31, 2020. The euro equivalents presented below are based on interest rate projections and exchange rates as of March 31, 2020. These amounts are presented for illustrative purposes only and will likely differ from the actual cash payments or receipts required in future periods. For additional information regarding our derivative instruments, including our counterparty credit risk, see note 5 to our condensed combined financial statements.

	Payments (receipts) due during:							Total
	Remainder of 2020	2021	2022	2023	2024	2025	Thereafter	
	in millions							
Projected derivative cash payments (receipts), net:								
Interest-related (a) .....	€ (2.9)	€ 17.8	€ 3.2	€ (10.9)	€ (17.5)	€ (20.1)	€ (25.6)	€ (56.0)
Principal-related (b) .....	—	(10.2)	(49.2)	56.7	—	3.7	(7.6)	(6.6)
Other (c) .....	—	(1.2)	—	—	—	—	—	(1.2)
Total .....	<u>€ (2.9)</u>	<u>€ 6.4</u>	<u>€ (46.0)</u>	<u>€ 45.8</u>	<u>€ (17.5)</u>	<u>€ (16.4)</u>	<u>€ (33.2)</u>	<u>€ (63.8)</u>

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- (a) Includes (i) the cash flows of our interest rate cap and swap contracts and (ii) the interest-related cash flows of our cross-currency and interest rate swap contracts.
- (b) Includes the principal-related cash flows of our cross-currency swap contracts.
- (c) Includes amounts related to our foreign currency forward contracts.