



**U.K. Companies Act Annual Report
December 31, 2020**

Registered Number 8379990

**Registered Office
Liberty Global plc
Griffin House, 161 Hammersmith Rd, London
W6 8BS
United Kingdom**

LIBERTY GLOBAL PLC
2020 U.K. COMPANIES ACT ANNUAL REPORT
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* The appendix included in the version of this U.K. Companies Act Annual Report that was filed with Companies House. Liberty Global plc's Proxy Statement for the 2021 Annual General Meeting of Shareholders has also been filed with the U.S. Securities and Exchange Commission and a copy can be obtained, without charge, from the U.S. Securities and Exchange Commission's website at www.sec.gov or from our website at www.libertyglobal.com.

GROUP STRATEGIC REPORT

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

- *Overview.* This section provides a general description of our business and recent events.
- *Results of Operations.* This section provides an analysis of our results of operations for the years ended December 31, 2020 and 2019.
- *Liquidity and Capital Resources.* This section provides an analysis of our corporate and subsidiary liquidity, consolidated statements of cash flows and contractual commitments.
- *Critical Accounting Policies, Judgments and Estimates.* This section discusses those material accounting policies that involve uncertainties and require significant judgment in their application.
- *Quantitative and Qualitative Disclosures about Market Risk.* This section provides discussion and analysis of the foreign currency, interest rate and other market risk that our company faces.
- *Risk Factors.* This section provides discussion and analysis of risks the company faces, including competition, technology, operating in overseas markets, financial and other risks.

The capitalized terms used throughout this annual report are defined in the notes to the consolidated financial statements for year ended December 31, 2020 included herein (the **Consolidated Financial Statements**). In the following text, the terms “we,” “our,” “our company” and “us” may refer, as the context requires, to Liberty Global or collectively to Liberty Global and its subsidiaries.

Unless otherwise indicated, convenience translations into U.S. dollars are calculated, and operational data (including subscriber statistics) is presented, as of December 31, 2020, and the amounts presented relate only to our continuing operations.

Overview

General

Liberty Global is a public limited company organized under the laws of England and Wales.

We are an international provider of video, broadband internet, fixed-line telephony and mobile communications services to residential customers and businesses in Europe. Our operations comprise businesses that provide residential and B2B communications services in (i) the U.K. and Ireland through Virgin Media and another Liberty Global subsidiary, respectively, (ii) Belgium through Telenet and (iii) Switzerland, Poland and Slovakia through UPC Holding. In addition, we own a 50% noncontrolling interest in the VodafoneZiggo JV, which provides residential and B2B communications services in the Netherlands.

Effective May 7, 2020, in connection with the pending formation of the U.K. JV, we began accounting for the U.K. JV Entities as held for sale. Accordingly, the assets and liabilities of the U.K. JV Entities are included in assets held for sale and liabilities held for sale, respectively, in our December 31, 2020 consolidated statement of financial position. Consistent with the applicable guidance, we have not reflected similar reclassifications in our consolidated statements of profit or loss or cash flows. For further information regarding the pending formation of the U.K. JV, see note 5 to the Consolidated Financial Statements.

As further described in note 5 to the Consolidated Financial Statements, we completed the sale of (i) our operations in Germany, Romania, Hungary and the Czech Republic (exclusive of our DTH operations) on July 31, 2019 and (ii) the operations of UPC DTH on May 2, 2019. Accordingly, (a) our operations in Germany, Romania, Hungary and the Czech Republic and the operations of UPC DTH are presented as discontinued operations for all applicable periods. 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.

Operations

Our main products and services are WiFi and internet services, video, mobile, and telephony services. At December 31, 2020, our consolidated businesses owned and operated networks that passed 26,296,100 homes and served 11,303,000 fixed-line customers and 8,537,600 mobile subscribers.

Intelligent WiFi and Internet Services

Connectivity is a critical building block for vibrant communities. As highlighted by the current COVID-19 pandemic, all aspects of society, including families, businesses, education and healthcare, to name a few, rely heavily on connectivity and the digital services that depend on it. To meet our customers' expectations of seamless connectivity, we are developing a fully digital, cloud based "**Connectivity Ecosystem**" built on top of our fiber-rich fixed broadband network and recently expanded mobile network. The Connectivity Ecosystem is orchestrated by a fully cloud-based digital journey, enabling fast and flexible introduction of new hardware and services, as well as cloud to cloud open API integration, simplifying the on-boarding of new services and devices. The devices used within our Connectivity Ecosystem are connected and protected through our security gateway and VPN, both at home and on the go. At home, our customers can benefit from the gigabit speeds enabled by our "**Connect Box**" (described below), as well as "**Intelligent WiFi**", which has optimization functionalities, such as the ability to adapt to the number of people and devices online at any given time in order to improve and extend wireless connectivity reach and speeds. In addition, we introduced our first "**Smart Home**" bundles in select markets, enabling those customers to take their smart home ambitions to the next level, including enhanced entertainment, home automation and home security. Finally, our "**Connect App**" is the digital touchpoint that allows customers to access and manage all of our services. The full suite of the Connectivity Ecosystem is live in our U.K. and Switzerland markets, and we intend to expand availability in select markets during 2021.

Our "Connect Box" is our next generation intelligent WiFi and telephony gateway that enables us to maximize the impact of our ultrafast broadband networks by providing reliable wireless connectivity anywhere in the home. This gateway can be self-installed and allows customers to customize their home WiFi service. Our Connect Box is available in all our markets, and currently, approximately 10 million of our customers have a Connect Box. In addition to our core markets, we distribute our Connect Box to other markets in Europe, Latin America and the Caribbean. Robust wireless connectivity is increasingly important with our customers spending more and more time using bandwidth-heavy services on multiple devices. In Belgium, Switzerland and the U.K., we also offer our Connect App that, among other things, allows our customers to find their best WiFi access. In addition, we provide intelligent WiFi boosters, which increase speed, reliability and coverage by adapting to the environment at home. We also brought to market and are looking to expand the availability of our new Gigabit Connect Box based on DOCSIS 3.1 technology, as defined and described below, that provides even better in-home WiFi service to customers.

Internet speed is of crucial importance to our customers, as they spend more time streaming video and other bandwidth-heavy services on multiple devices. Our extensive broadband network enables us to deliver ultra high-speed internet service across our markets. Our residential subscribers access the internet via cable modems connected to their internet capable devices, or wirelessly via a WiFi gateway device. We offer multiple tiers of broadband internet service up to Gigabit speeds and available to over 14 million homes across our footprint. In 2020, our networks continued to be recognized, with Virgin Media U.K. being awarded Fastest Broadband Provider in the U.K. and the VodafoneZiggo JV winning the Best Internet Provider award in the Netherlands for the tenth year in a row.

The speed of service depends on the location and the tier of service selected. By leveraging our existing fiber-rich broadband networks and our Network Extensions, we are in a position to deliver gigabit services by deploying the next generation DOCSIS 3.1 technology. DOCSIS 3.1 technology is an international standard that defines the requirements for data transmission over a cable system. Not only does DOCSIS 3.1 technology improve our internet speeds, it allows for network growth. Currently, our ultra high-speed internet service is based primarily on DOCSIS 3.1 technology, and we offer this technology in all of our markets.

We offer value-added broadband services in certain of our markets for an incremental charge. These services include Intelligent WiFi features, security (e.g., anti-virus, anti-spyware, firewall and spam protection), Smart Home services, and online storage solutions and web spaces. Subscribers to our internet service pay a monthly fee based on the tier of service selected. In addition to the monthly fee, customers pay an activation service fee upon subscribing to an internet service. This one-time fee may be waived for promotional reasons. We determine pricing for each different tier of internet service through an analysis of speed, market conditions and other factors.

In all of our markets, we have deployed community WiFi via routers in the home (the **Community WiFi**), which provides secure access to the internet for our customers. Community WiFi is enabled by a cable modem WiFi access point (**WiFi modem**) in a Connect Box, a set-top box or a Horizon box of our internet customers. The Community WiFi is created through the sharing of access to the public channel of our customers' home wireless routers. The public channel is a separate network from the secure private network used by the customer within the home and is automatically enabled when the WiFi modem is installed. Public WiFi access points (covering train stations, hotels, bars, restaurants and other public places) are also available for no additional cost.

Video Services

Our video service is, and continues to be, one of the foundations of our product offerings in our markets. Our cable operations offer multiple tiers of digital video programming and audio services, starting with a basic video service. Subscribers to our basic video service pay a fixed monthly fee and receive digital or analog video channels (including a limited number of high definition (**HD**) and ultra high definition 4K resolution (**4K**) channels) and several digital and analog radio channels, as well as an electronic programming guide. In the markets where we encrypt our basic digital service, our digital service is generally offered at an incremental cost equal to or slightly higher than the monthly fee for our basic analog service. We tailor our video services in each country of operation based on programming preferences, culture, demographics and local regulatory requirements.

We also offer a variety of premium channel packages to meet the special interests of our subscribers. For an additional monthly charge, a subscriber may upgrade to one of our extended digital tier services and receive an increased number of video and radio channels, including the channels in the basic tier service and additional HD and 4K channels. Our channel offerings include general entertainment, sports, movies, documentaries, lifestyles, news, adult, children and ethnic and foreign channels.

Discounts to our monthly service fees are available to any subscriber who selects a bundle of two or more of our services (**bundled services**): video, internet, fixed-line telephony and, in most of our markets, mobile services. Bundled services consist of double-play for two services, triple-play for three services and, where available, quad-play for four services.

To meet customer demands, we have enhanced our video services with additional relevant content services and features, which increase viewing comfort and address individual user needs. Our latest next generation product suite is called "**Horizon 4**", a multi-screen entertainment platform that combines linear television (including recording and Replay TV features), premium video-on-demand ("**VoD**") offerings, an increasing amount of integrated premium video apps and mobile viewing into one entertainment experience. Horizon 4 comes with a state of the art user interface that is intuitively easy to navigate. Content recommendations and favorite channel settings can be customized to individual user profiles. Video playback control, such as pause and resume, navigation shortcuts and content searches can all be conducted via a voice control button on the remote control, a feature highly appreciated by our customers. Horizon 4 is available in all of our markets on the latest set top boxes capable of delivering 4K video content and achieved significant positive customer feedback, manifesting in high product net promoter score (NPS) figures. Horizon 4 is marketed under the name "Telenet TV-Box" in Belgium, "UPC TV" in Switzerland, "Virgin TV360" in the U.K. and Ireland, "UPC TV 4K Box" in Poland and "MediaBox Next" in the Netherlands through the VodafoneZiggo JV.

The predecessor version of Horizon 4, Horizon 3, is deployed on set-top boxes in the Netherlands (through the VodafoneZiggo JV), Switzerland and Ireland. While in Switzerland and Ireland these set-top boxes will continue to be exchanged for the latest hardware with Horizon 4 over time, in the Netherlands they will be flashed with the Horizon 4 software.

In the U.K., the forerunner product of Horizon 4 is based on the TiVo platform and was developed under a strategic partnership agreement with TiVo Inc. The TiVo platform is deployed on a basic set-top box as well as the Virgin Media V6 box. Similar to Horizon 4, the Virgin Media V6 box combines 4K video, including high dynamic range, with improved streaming functionalities and more processing power. The Virgin Media V6 box allows customers to record six channels simultaneously while watching a seventh channel. Customers can also start watching programming on one television and pick up where they left off on other boxes in another room or through an app on their smart phones and tablets. Over 70% of our U.K. customers have the Virgin Media V6 box. Similar to the deployed hardware in the Netherlands via the VodafoneZiggo JV, over time these V6 boxes will be flashed with the latest Horizon 4 software, bringing our latest and most successful television and entertainment experience to our U.K. customers without the need of exchanging the installed hardware.

One of our key video services is "**Replay TV**". Through Replay TV, the last seven days of content is made available via the electronic programming guide (**EPG**) for on demand viewing. Customers can simply open the EPG, scroll back and replay linear programming instantly. Replay TV also allows our customers to replay a television program from the start even while the

live broadcast is in progress. Additionally, customers have the option of recording TV programs in the cloud (or onto the hard disk drive in the set top box in the U.K. and in Ireland). Replay TV is one of the most used and appreciated features on our platforms.

In most of our markets, we offer transactional VoD giving subscribers access to thousands of movies and television series. In several of our markets, our subscription VoD service is included in our enhanced video offerings. This service is tailored to the specific market based on available content, consumer preferences and competitive offers, and includes various programming, such as music, kids, documentaries, adult, sports and TV series. We continue to develop our VoD services to provide a growing collection of programming from local and international suppliers, such as Disney/Fox, NBCU/Universal, CBS/Paramount, Warner and Sony, among others. In addition, in many of our markets we offer premium over the top (OTT) services like Netflix and Amazon Prime Video via certain of our set-top boxes.

Most of this content is also available via our online mobile app, “**Horizon Go**”, which is available on mobile devices (iOS, Android and Windows) and, in some market places, via Amazon Fire TV, Apple TV and Android TV devices. Thanks to the 360 integration of Horizon 4 across multiple screens, customers can pause a program, series or movie and seamlessly continue watching from where they left off on another device, whether a television, tablet, smart phone or laptop. Additionally, Horizon Go enables customers to remotely schedule the recording of a television program on their Horizon 4 box at home.

In the summer of 2020, we launched our first IP-only streaming device in Poland, which runs the full Horizon 4 product suite and features a small dongle-like form factor that can be tucked away behind a TV screen. This all-IP TV box has extremely low power consumption, and its casing is made from recycled plastic, proudly winning us Digital TV Europe’s Video Tech Innovation Sustainability Award in December 2020. We intend to roll out the all-IP TV box to additional markets in 2021 and beyond.

Mobile Services

Mobile services are another key building block for us to provide customers with seamless connectivity. Virgin Media, Switzerland and UPC Poland offer mobile services as MVNOs over third-party networks, and Telenet, the VodafoneZiggo JV and UPC Sunrise offer mobile services as mobile network providers.

Where mobile telephony services are provided via MVNOs, the relevant mobile operator leases a third-party’s radio access network and owns the core network, including switching, backbone and interconnections. These arrangements permit us to offer our customers in these markets mobile services without having to build and operate a cellular radio tower network.

Our MVNO partners are:

Country	Partner
U.K.	BT / EE ⁽¹⁾
Switzerland	Swisscom ⁽²⁾
Ireland	Three (Hutchison)
Poland	Orange/Play

⁽¹⁾ Our U.K. operations agreed to a new MVNO agreement with Vodafone U.K. in November 2019, however, the MVNO arrangement with EE will continue until the end of 2021 by which time the full migration to the Vodafone U.K. network is expected to be complete.

⁽²⁾ Our Switzerland operations completed migration to the Swisscom network in the beginning of 2019, and also have the right to access the Sunrise network as a mobile network operator.

Where mobile services are available, subscribers pay varying monthly fees depending on whether the mobile service is combined with our cable services or includes mobile data services via mobile phones, tablets or laptops. We offer our customers the option to purchase mobile handsets and, in most of our markets, make such purchase pursuant to a contract independent of their mobile services contract. We refer to these arrangements as split contracts. In Belgium, for those subscribers on Telenet’s own network, it is offering more flexible bundles adjusted to customers’ needs so they can use the full capacity of their package, regardless of their appetite to use either more data, minutes or text messages. As a mobile network provider, Telenet also has agreements with other mobile providers to use its mobile network for their mobile offerings.

Our mobile services typically include voice, short message service (or **SMS**) and internet access. Calls, both within and out of network, incur a charge or are covered under a postpaid monthly service plan. Our mobile services are primarily on a

postpaid basis with customers subscribing to services for periods ranging from activation for a SIM-only contract to up to 24 months (or 36 months in the U.K.), with the latter often taken with a subsidized mobile handset. In Belgium and Switzerland, however, our postpaid service is offered without a minimum contract term. In the U.K. and Belgium, we also offer a prepaid service, where the customers pay in advance for a pre-determined amount of airtime or data and generally have no minimum contract term. In almost all of our markets, subscribers to a double- or triple-play bundle receive a discount on their mobile service fee.

Telephony Services

Multi-feature telephony services are available through voice-over-internet-protocol (**VoIP**) technology in most of our broadband communication markets. In the U.K., we also provide traditional circuit-switched telephony services. We pay interconnect fees to other telephony and internet providers when calls by our subscribers terminate on another network and receive similar fees from providers when calls by their users terminate on our network through interconnection points.

Our telephony service may be selected in several of our markets on a standalone basis and in all of our markets in combination with one or more of our other services. Our telephony service includes a basic fixed-line telephony product for line rental and various calling plans, which may consist of any of the following: unlimited network, national or international calling, unlimited off-peak calling and minute packages, including calls to fixed and mobile phones. We also offer value added services, such as a personal call manager, unified messaging and a second or third phone line at an incremental cost.

Multiple Dwelling Units and Partner Networks

Pursuant to an agreement executed on June 28, 2008 (the **PICs Agreement**) with four associations of municipalities in Belgium (the pure intercommunales or **PICs**), Telenet leases the PICs broadband communications network and, accordingly, makes its services available to all of the homes passed by the cable network owned by the PICs. Telenet has a direct customer relationship with the basic and enhanced video subscribers on the PICs network. Pursuant to the PICs Agreement, Telenet has full rights to use substantially all of the PICs network under a long-term finance lease. Unless extended, the PICs Agreement will expire on September 23, 2046, and cannot be terminated earlier (except in the case of non-payment or bankruptcy of Telenet). For additional information on the PICs Agreement, see note 20 to the Consolidated Financial Statements.

For over 70% of the basic video subscribers of Sunrise UPC, Sunrise UPC maintains billing relationships with landlords or housing associations and provides basic video service to the tenants. The landlord or housing association administers the billing for the basic video service with their tenants and manages service terminations for their rental units. When tenants select triple-play bundles with or without mobile service from Sunrise UPC, they then migrate to a direct billing relationship with us.

Sunrise UPC offers broadband internet, enhanced video and telephony services directly to the video cable subscribers of those partner networks that enter into service operating contracts with Sunrise UPC. Sunrise UPC has the direct customer billing relationship with these subscribers. By permitting Sunrise UPC to offer some or all of its broadband internet, enhanced video and telephony products directly to those partner network subscribers, Sunrise UPC's service operating contracts have expanded the addressable markets for Sunrise UPC's digital products. In exchange for the right to provide digital products directly to the partner network subscribers, Sunrise UPC pays to the partner network a share of the revenue generated from those subscribers. Sunrise UPC also provides network maintenance services and engineering and construction services to its partner networks.

Business Services

In addition to our residential services, we offer business services in all of our operations. For business and public sector organizations, we provide a complete range of voice, advanced data, video, wireless and cloud-based services, as well as mobile and converged fixed-mobile services. Our business customers include SOHO (generally up to five employees), small business and medium and large enterprises. We also provide business services on a wholesale basis to other operators.

Our business services are designed to meet the specific demands of our business customers with a wide range of services, including increased data transmission speeds and virtual private networks. These services fall into five broad categories:

- data services for fixed internet access, with a 4G connectivity backup, IP virtual private networks based on SDWAN solutions, and high capacity point-to-point services, including dedicated cloud connections;
- cloud collaboration VoIP solutions and circuit switch telephony, unified communications and conferencing options;
- wireless services for mobile voice and data, as well as managed WiFi networks;
- video programming packages and select channel lineups for targeted industries; and

- value added services, including managed security systems, cloud enabled business applications, storage and web hosting.

Our intermediate to long-term strategy is to enhance our capabilities and offerings in the business sector so we become a preferred provider in the business market. To execute this strategy, customer experience and strategic marketing play a key role.

Our business services are provided to customers at contractually established prices based on the size of the business, type of services received and the volume and duration of the service agreement. SOHO and small business customers pay business market prices on a monthly subscription basis to receive enhanced service levels and business features that support their needs. For more advanced business services, these customers generally enter into a service agreement. For medium to large business customers, we enter into individual agreements that address their needs. These agreements are generally for a period of at least one year.

Investments—VodafoneZiggo JV

We own a 50% interest in the VodafoneZiggo JV, which is a leading Dutch company that provides fixed, mobile and integrated communication and entertainment services to consumers and businesses in the Netherlands. In connection with the formation of the VodafoneZiggo JV, we entered into a shareholders agreement with Vodafone providing for the governance of the VodafoneZiggo JV, including decision-making process, information access, dividend policy and non-compete provisions. It also provides for restrictions on transfer of interests in the VodafoneZiggo JV and exit arrangements. Under the dividend policy, the VodafoneZiggo JV is required to distribute all unrestricted cash to Vodafone and us, subject to minimum cash requirements and financing arrangements. We also entered into a framework agreement with the VodafoneZiggo JV to provide access to each partner's expertise in the telecommunications business. For additional information on the above agreements, see note 7 to the Consolidated Financial Statements.

The fiber-rich broadband network of the VodafoneZiggo JV passes 7.3 million homes. The VodafoneZiggo JV also offers nationwide 4G and 5G mobile coverage. At December 31, 2020, the VodafoneZiggo JV had 9.5 million RGUs, of which 3.8 million were video, 3.4 million were broadband internet and 2.3 million were fixed-line telephony. In addition, the VodafoneZiggo JV had 5.2 million mobile customers. Besides its residential services, the VodafoneZiggo JV offers extensive business services throughout the Netherlands. The operations of the VodafoneZiggo JV are subject to various regulations, which are described below under *Regulatory Matters—The Netherlands*.

The VodafoneZiggo JV's customers continue to have access to Horizon TV and its functionalities (marketed as "Ziggo TV"), including Replay TV, the Ziggo Go app, pause live TV and VoD, 500 Mbps nationwide broadband internet to residential customers, 600 Mbps broadband internet to business customers and an extensive WiFi community network. The VodafoneZiggo JV also has its own sports channel, Ziggo Sport, and offers exclusive programming, such as HBO. Additionally, as of December 2020, the VodafoneZiggo JV has made 1 Gbps broadband internet available in 3 million households. The VodafoneZiggo JV's customers also have access to Vodafone's nationwide 4G (referred to herein as **LTE**) and 5G wireless services, under either a prepaid or postpaid service plan. The VodafoneZiggo JV provides its mobile services under various licenses, and recently acquired new spectrum licenses in the 700 MHz and 1400 MHz band, and renewed its license in the 2100 MHz band during the multiband auction in July 2020. With its mobile services, the VodafoneZiggo JV is able to offer quad-play bundles and converged services to its residential and business customers.

For all its services, the VodafoneZiggo JV competes primarily with the provision of similar services from the incumbent telecommunications operator Koninklijke KPN N.V. (**KPN**). KPN offers (1) internet protocol television (**IPTV**) over fiber optic lines where the fiber is to the home, cabinet, or building or to the node networks (fiber-to-the-home/-cabinet/-building/-node is referred to herein as **FTTx**) and through broadband internet connections using digital subscriber lines (**DSL**) or very high-speed DSL technology (**VDSL**) or an enhancement to VDSL called "vectoring", (2) digital terrestrial television (**DTT**), and (3) LTE services. Where KPN has enhanced its VDSL system, it offers broadband internet with download speeds of up to 200 Mbps and on its FTTx networks, it offers download speeds of up to 1 Gbps. Its ability to offer a bundled triple-play of broadband internet, video and telephony services and fixed-mobile convergence services creates competitive pressure on the VodafoneZiggo JV's operations, including the pricing and bundling of its video products. KPN's video services include many of the interactive features that the VodafoneZiggo JV offers its subscribers, including pausing live TV, replay and third party apps. Portions of the VodafoneZiggo JV's network have been overbuilt by KPN's and other providers' FTTx networks and expansion of these networks is expected to continue. Another significant competitor is the Netherlands operations of Deutsche Telekom.

Strategy and management focus

From a strategic perspective, we are seeking to build national fixed-mobile converged communications businesses that have strong prospects for future growth. As discussed further under *Liquidity and Capital Resources — Capitalization* below, we also seek to maintain our debt at levels that provide for attractive equity returns without assuming undue risk.

We strive to achieve organic revenue and customer growth in our operations by developing and marketing bundled entertainment and information and communications services, and extending and upgrading the quality of our networks where appropriate. As we use the term, organic growth excludes foreign currency translation effects (**FX**) and the estimated impact of acquisitions and dispositions. While we seek to increase our customer base, we also seek to maximize the average revenue we receive from each household by increasing the penetration of our broadband internet, digital video, fixed-line telephony and mobile services with existing customers through product bundling and upselling.

We currently are engaged in certain network extension programs across our footprint, which we collectively refer to as the “**Network Extensions**.” During 2020, pursuant to the Network Extensions, we connected approximately 561,000 additional residential and commercial premises (excluding upgrades) to our two-way networks, including approximately 426,000 residential and commercial premises connected by Virgin Media in the U.K. and Ireland. We expect to continue the Network Extensions in 2021. Depending on a variety of factors, including the financial and operational results of these programs, the Network Extensions may be continued, modified or cancelled at our discretion.

The capital costs associated with the Network Extensions, which include the costs to build out the networks and the purchase and installation of related customer premises equipment, are expected to decline in 2021 as compared to 2020, but still represent a large portion of our capital costs. For information regarding our expected property and equipment additions during 2021, see *Liquidity and Capital Resources — Consolidated Statements of Cash Flows* below.

Our assessment of the impacts of the Network Extensions are subject to competitive, economic, regulatory and other factors outside of our control.

Impact of COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel strain of the coronavirus (**COVID-19**) to be a global pandemic. In response, emergency measures were 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. In accordance with government mandates or recommended guidelines, as well as our desire to protect the health and safety of our employees, customers and communities, many of our retail stores were temporarily closed in mid-March 2020 and remained closed for up to several months. In addition, on March 16, 2020, most of our office personnel began working remotely, and many continue to do so. We also undertook certain short-term commercial initiatives in response to the pandemic with respect to our product and service offerings, including (i) free-of-charge speed upgrades for many of our broadband internet customers, (ii) the offering of unlimited minutes to many of our postpaid mobile subscribers, (iii) increases in the number of available kids channels, as well as the offering of several free movies and television series to many of our video subscribers, (iv) modifications to our disconnection policies for non-paying customers, including (a) extended time periods for delinquent accounts before we commence service restrictions or disconnections and (b) the temporary suspension of certain late payment charges, and (v) the temporary pausing of certain sports subscription charges.

The facts and circumstances surrounding the COVID-19 pandemic continue to change rapidly and, accordingly, the ultimate impact that COVID-19 will have on the global economy and our company is highly uncertain and impossible to predict. To date, our company has not experienced an overall material adverse impact from the COVID-19 pandemic, as demand for the products and services that we provide has increased following the stay-at-home and remote work restrictions or recommendations that have been implemented throughout the countries in which we operate. In this regard, we have experienced reductions in our residential churn rates during 2020 in all of our markets. During the period from mid-March through December 31, 2020, certain of our revenue streams were adversely impacted by the COVID-19 pandemic, the most notable of which include (i) lower revenue associated with the loss of exclusive programming content, primarily during the second quarter of 2020, (ii) lower sales of mobile handsets, due largely to the fact that, as discussed above, many of our retail stores were closed for a significant portion of the second quarter, (iii) lower broadcasting revenue in Belgium and Ireland and (iv) lower interconnect and mobile roaming revenue resulting from changes in mobile usage associated with factors such as reduced travel and the use of WiFi alternatives during stay-at-home mandates or recommendations. With respect to our Adjusted EBITDA during this timeframe, the aforementioned revenue declines had a less significant impact, as (a) we received certain credits for content costs and lost revenue associated with the loss of exclusive programming content, which offset the

related revenue declines, (b) mobile handset sales generate low margins and (c) the lower interconnect and roaming revenue was largely offset by similar declines in interconnect and roaming expenses. In addition, our Adjusted EBITDA has been positively impacted by various other factors relating to the COVID-19 pandemic, including (1) lower costs associated with customer service and sales and marketing and (2) the benefits to our Adjusted EBITDA related to the aforementioned declines in residential churn rates. In this regard, we estimate that the overall adverse impact of the COVID-19 pandemic on our Adjusted EBITDA during the 2020 was relatively minimal. For additional information regarding the impact of COVID-19 on our results of operations for the year ended December 31, 2020, see *Discussion and Analysis of our Reportable Segments* below.

Although we have not yet experienced any material adverse impact to cash collections from our residential or B2B customers, the risk that certain customers will be unable to continue to pay for our services in future periods could increase to the extent that the current economic disruption is prolonged.

As our residential and business customers navigate through the COVID-19 pandemic, the connectivity that our broadband networks allow has been essential, and demand for the products and services that we provide has increased. This has resulted in a significant increase in data consumption by our customers, as well as the extension of peak traffic times, which were previously concentrated during evening hours and now span the majority of the day. Notwithstanding these increased traffic levels, our networks have continued to perform exceptionally well, and our technicians have and will continue to work diligently to ensure the reliability of our networks.

As indicated above, the COVID-19 pandemic has caused significant distress in global financial markets that could have an adverse impact on our company. However, we currently believe our financial risks are mitigated by several factors, including the following: (i) our access to our cash and cash equivalents and short-term investments has not been impaired, (ii) we do not currently perceive a significant risk of a credit event that would impair our cash holdings, derivative assets or restrict available credit facilities, (iii) our financial position remains strong, with over 87% of our debt not due until 2026 or later, (iv) our credit facilities do not contain maintenance-based leverage covenants, with the exception of any revolving facilities that are drawn in excess of 40% of total availability (such revolving facilities were undrawn at December 31, 2020), and (v) our derivative instruments provide protection against adverse changes in financial markets, such as the weakening of the British pound sterling and declines in the value of certain of our fair value investments. In addition, we have implemented enhanced risk monitoring procedures at this time of heightened market volatility.

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.

Competition and Other External Factors

We are experiencing competition in all of the markets in which we or our affiliates operate. This competition, together with macroeconomic and regulatory factors, has adversely impacted our revenue, number of customers and/or average monthly subscription revenue per average cable fixed-line customer or mobile subscriber, as applicable (**ARPU**). For additional information regarding the revenue impact of changes in the fixed-line customers and ARPU of our consolidated 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 in December 2020, the U.K. and the E.U. announced a deal for “Trade and Cooperation” agreement. For additional information regarding certain risks to our company associated with Brexit, see *Risk Factors* elsewhere in this annual report.

For information regarding certain other regulatory developments that could adversely impact our results of operations in future periods, see *Legal and Regulatory Proceedings and Other Contingencies - Other Regulatory Matters* in note 20 to the Consolidated Financial Statements.

Section 172(1) Statement

This statement is intended to disclose how our Directors have approached and met their responsibilities under s172 Companies Act 2006 and has been prepared in response to the obligations as set out in the Companies (Miscellaneous Reporting) Regulations 2018.

Our Board of Directors oversees the Company's business with the goal of enhancing the long-term value of the Company for the benefit of its shareholders. Our Board of Directors is elected by our shareholders to oversee the management of the Company and to help assure that the interests of our shareholders are served.

As we believe the highest standards of corporate governance are essential to our business integrity and performance, our Board of Directors has developed a number of specific expectations of Directors, which can be found in our Corporate Governance Guidelines and Board Committee Charters, to help ensure that each Director considers (i) long-term consequences of decisions, (ii) our employees' interests, (iii) business relationships with suppliers and customers, (iv) the impact of our operations on the environment and communities in which we operate and (v) the need to act fairly between shareholders. Consideration of these factors and other relevant matters is embedded into all Board decision-making, strategy development and risk assessment throughout the year. In addition, to support a high standard of corporate governance in every area of our operations, we have established (i) a Code of Ethics for our chief executive and senior financial officers and (ii) a Code of Conduct that applies to every Director, officer and employee of our Company. Further details are available at www.libertyglobal.com/about/corporate-governance.

The level of engagement of our Board of Directors is critical in our company's successful investment in the infrastructure and platforms that empower our customers to make the most of the digital revolution and connect to the entertainment, experiences and people they love. We believe that our scale and synergies with our partners help bring the best connectivity and entertainment to our customers and, during 2020, our Board of Directors provided thoughtful guidance to ensure that we enhanced and expanded our networks wisely, investing with purpose in the technology, talent and territories with the most potential. For example, during 2020 and 2019, we continued to push the boundaries of our fiber-rich HFC networks by accelerating our gigabit broadband rollouts to more European homes and businesses. As a result, millions of our customers currently have access to 1 gigabit download speeds, far surpassing what our competitors are able to offer across the vast majority of our footprint. As we deliver for our customers, we build value for our shareholders and our employees, rewarding those who have a long-term commitment to our business.

Customers/Partnerships. During 2020, we continued to invest billions in the U.K. and Europe to drive the gigabit broadband revolution. With our superfast next-generation broadband networks, intuitive WiFi, great in-and-out-of-home connectivity products, cutting-edge TV platforms and brilliant TV content, we are committed to enabling our customers to seamlessly live their fluid and fast-paced lives to the fullest, providing our customers the ability to stay connected anytime and anywhere. During 2020, in particular, we were committed to helping individuals and businesses adopt digital technologies so they could continue to thrive during Covid and emerge stronger from the pandemic than they were before.

We believe our relationships with our partners help us deliver unique products and services to support this commitment to our customers, and the continued strategic involvement by our Board of Directors in these decisions to help foster these relationships and consider their potential long-term impact is critical to our success. For example, during 2019 and early 2020, we reached an important new partnership with Amazon.com, Inc. and an extension of our existing partnership with Netflix, Inc., providing our customers with their favorite streaming content and on-demand programming. In addition, during 2019, our wholly-owned subsidiary, Virgin Media Inc., signed a five-year MVNO agreement with Vodafone Group plc to bring innovative new services, including 5G, to more than three million mobile customers and provide further flexibility to grow its mobile operation.

Responsibility - Community, Environment & Suppliers. We believe in responsible connectivity, meaning that while we continue to invest in our network and deliver outstanding service, we ensure that as the network and bandwidth we provide grows, our impact on the planet does not. We are also committed to protecting customer privacy, maintaining data security, keeping children safe online and responsibly managing our supply chain while we invest to make our products and services more accessible.

Responsible Connectivity. At Liberty Global, we understand the importance of doing business in a responsible and sustainable way. Because of that, we are focused on managing the impact of our business on the environment and society, as well as developing strategies to ensure this approach is ingrained in every aspect of our organization. As we continue to expand our network reach and speed capabilities, we're constantly seeking ways to minimize our

environmental impact, such as using eco-friendly packaging and refurbishing and reusing equipment whenever possible. Examples of our commitment to responsible connectivity can be found in our *Director's Report* included later in this report.

Privacy, Data Security & Safety. As a provider of internet, telephone and television services, our customers' digital lives are entrusted to us, which comes with an obligation to keep personal data safe. We take our customers' trust in us seriously to protect the confidentiality and integrity of their data. In addition, we aim to make the digital world safe for everyone, especially our children, so we ensure our products and services offer parental control features that help parents keep children safe online. Our internet safety toolkits guide parents and teachers alike on how to empower young people of all ages to protect themselves as they explore the online world.

Responsible procurement. We're committed to building better relationships with our suppliers not only to mitigate risks but to also help identify opportunities. This includes better understanding the way we (i) source our electronic components and network equipment and (ii) distribute these products to our customers with the aim of improving sustainability. Further details are available at www.libertyglobal.com/responsibility/responsible-connectivity/trusted-products/responsible-procurement.

We are actively engaged in significant public policy debates throughout our markets. We are committed to engaging regulators and government officials in an ongoing, constructive dialogue in order to position the company for future growth and provide the best possible service to our customers. In particular, we strive to make meaningful contributions to advance the leading issues in the public policy community where the governance of modern communications networks is continually evolving. In almost all of our operations, we have specialist public policy and government affairs resources which are firmly rooted in the local community.

People. Our deep-rooted family heritage and entrepreneurial energy have shaped our unique culture and incredible growth journey. We understand the importance of engaging with, and understanding the perspectives of, our workforce. Our Board of Directors has supported our management in the areas of identification and development of talent, employee engagement and building positive cultures across all our operations and has direct interactions at board meetings with key people in the business on a variety of people-related and other topics. Our unique culture is highlighted in the following four principles:

- We are agile - We strive to embrace change, evolve, transform and adapt quickly;
- We are limitless - We're bold and set new standards in all that we do;
- We are straight up - We are authentic, transparent and do the right thing for the customer and or organization; and
- We are united - We collaborate and embrace our differences to achieve our goals

At Liberty Global, we also invest in upcoming talent through our graduate programs. Through department rotations, graduates benefit from accelerated development covering core business skills and technical capabilities suited to our dynamic, fast-paced and unique environment. We're committed to developing talented people through our tailored development programs to cultivate a rewarding career with us and beyond.

Results of Operations

We have completed a number of transactions that impact the comparability of our 2020 and 2019 results of operations, the most notable of which are the (i) Sunrise Acquisition on November 11, 2020 and (ii) De Vijver Media Acquisition on June 3, 2019. For further information, see note 5 to the Consolidated Financial Statements.

In the following discussion, we quantify the estimated impact of acquisitions (the **Acquisition Impact**) on our operating results. The Acquisition Impact represents our estimate of the difference between the operating results of the periods under comparison that is attributable to an acquisition. In general, we base our estimate of the Acquisition Impact on an acquired entity's operating results during the first three to twelve months following the acquisition date, as adjusted to remove integration costs and any other material unusual or nonoperational items, such that changes from those operating results in subsequent periods are considered to be organic changes. Accordingly, in the following discussion, (i) organic variances attributed to an acquired entity during the first 12 months following the acquisition date represent differences between the Acquisition Impact and the actual results and (ii) the calculation of our organic change percentages includes the organic activity of an acquired entity relative to the Acquisition Impact of such entity.

Changes in foreign currency exchange rates have a significant impact on our reported operating results as all of our operating segments have functional currencies other than the U.S. dollar. Our primary exposure to FX risk during the three months ended December 31, 2020 was to the British pound sterling, euro and Swiss franc as 47.3%, 30.6% and 18.8% of our

reported revenue during the period was derived from subsidiaries whose functional currencies are the British pound sterling, euro and Swiss franc, respectively. In addition, our reported operating results are impacted by changes in the exchange rates for certain other local currencies in Europe. 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 Consolidated Operating Results* below. For information regarding our foreign currency risks and the applicable foreign currency exchange rates in effect for the periods covered by this annual report, see *Quantitative and Qualitative Disclosures about Market Risk — Foreign Currency Risk* below.

The amounts presented and discussed below represent 100% of each of our consolidated reportable segment's results of operations. As we have the ability to control Telenet, we consolidate 100% of its revenue and expenses in our consolidated statements of operations despite the fact that third parties own a significant interest. The noncontrolling owners' interests in the operating results of Telenet and other less significant majority-owned subsidiaries are reflected in net profit or loss attributable to noncontrolling interests in our consolidated statements of profit or loss.

Discussion and Analysis of our Reportable Segments

General

All of our reportable segments derive their revenue primarily from residential and B2B communications services, including broadband internet, video, 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 18 to the Consolidated Financial Statements. For information regarding the results of operations of the VodafoneZiggo JV, refer to *Discussion and Analysis of our Consolidated Operating Results - Share of results of affiliates* below.

The tables presented below in this section provide the details of the revenue and Adjusted EBITDA of our consolidated reportable segments for 2020, as compared to 2019. These tables present (i) the amounts reported for the current and comparative periods, (ii) the reported U.S. dollar change and percentage change from period to period and (iii) the organic U.S. dollar change and 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-period rate during all periods presented. We also provide a table showing the Adjusted EBITDA margins of our consolidated reportable segments for 2020 and 2019 at the end of this section.

Most 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 Adjusted EBITDA and Adjusted EBITDA 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 Adjusted EBITDA 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 consolidated 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. For additional information regarding our foreign currency exchange risks see *Quantitative and Qualitative Disclosures about Market Risk — Foreign Currency Risk* below.

Consolidated Adjusted EBITDA is a non-GAAP measure, which we believe 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 readily view operating trends from a consolidated view. Investors should view consolidated Adjusted EBITDA as a supplement to, and not a substitute for, GAAP measures of performance included in our consolidated statements of operations.

The following table provides a reconciliation of loss from continuing operations to Adjusted EBITDA:

	Year ended December 31,	
	2020	2019
	in millions	
Loss from continuing operations	\$ (1,536.0)	\$ (1,463.5)
Income tax expense (benefit)	(246.1)	245.7
Other expense (income), net	(3.2)	26.0
Share of results of affiliates, net	251.0	196.1
Net finance costs	3,704.8	1,788.5
Operating profit	2,170.5	792.8
Impairment, restructuring and other operating items, net	93.2	86.1
Depreciation and amortization	2,496.4	3,842.5
Share-based compensation expense	342.3	312.1
Adjusted EBITDA	<u>\$ 5,102.4</u>	<u>\$ 5,033.5</u>

Revenue of our Reportable Segments

General. While not specifically discussed in the below explanations of the changes in the revenue of our consolidated 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.

Revenue — 2020 compared to 2019

	Year ended December 31,		Increase (decrease)		Organic increase (decrease)	
	2020	2019	\$	%	\$	%
	in millions, except percentages					
U.K./Ireland	\$ 6,588.4	\$ 6,600.3	\$ (11.9)	(0.2)	\$ (58.1)	(0.9)
Belgium	2,941.0	2,891.0	50.0	1.7	(43.5)	(1.5)
Switzerland	1,573.8	1,258.8	315.0	25.0	(69.4)	(5.5)
Central and Eastern Europe	486.9	475.4	11.5	2.4	16.6	3.5
Central and Corporate (a)	394.5	316.4	78.1	24.7	(10.6)	(3.4)
Intersegment eliminations	(4.3)	(2.4)	(1.9)	N.M.	(1.9)	N.M.
Total	<u>\$ 11,980.3</u>	<u>\$ 11,539.5</u>	<u>\$ 440.8</u>	<u>3.8</u>	<u>\$ (166.9)</u>	<u>(1.4)</u>

N.M. — Not Meaningful.

- (a) Amounts primarily include revenue earned from transition and other services provided to the VodafoneZiggo JV and various third parties and the sale of customer premises equipment to the VodafoneZiggo JV. For additional information, see notes 5 and 7 to the Consolidated Financial Statements.

U.K./Ireland. The details of the decrease in U.K./Ireland's revenue during 2020, as compared to 2019, are set forth below:

	Subscription revenue	Non- subscription revenue in millions	Total
Increase (decrease) in residential cable subscription revenue due to change in:			
Average number of customers	\$ 7.1	\$ —	\$ 7.1
ARPU (a)	(64.0)	—	(64.0)
Increase in residential cable non-subscription revenue	—	5.0	5.0
Total increase (decrease) in residential cable revenue	(56.9)	5.0	(51.9)
Decrease in residential mobile revenue (b)	(1.7)	(18.9)	(20.6)
Increase in B2B revenue (c)	14.6	14.5	29.1
Decrease in other revenue (d)	—	(14.7)	(14.7)
Total organic decrease	(44.0)	(14.1)	(58.1)
Impact of FX	32.8	13.4	46.2
Total	<u>\$ (11.2)</u>	<u>\$ (0.7)</u>	<u>\$ (11.9)</u>

- (a) The decrease in cable subscription revenue related to a change in ARPU was adversely impacted by (i) the COVID-19 pandemic, most notably with respect to video services, including lower revenue of approximately \$28 million associated with the loss of exclusive programming content, primarily during the second and third quarters of 2020, comprising (a) credits that were given to certain customers and (b) the estimated impact of certain customers canceling their premium sports subscriptions, and (ii) lower revenue related to regulated contract notifications. For additional information regarding the contract notification requirements, see *Legal and Regulatory Proceedings and Other Contingencies - Other Regulatory Matters* in note 20 to the Consolidated Financial Statements.
- (b) The decrease in residential mobile non-subscription revenue is primarily attributable to a decrease in revenue from mobile handset sales, including (i) \$20.3 million recognized during 2020 in connection with the completion of the VM Receivables Financing Sale, (ii) the adverse impact of retail store closures during the COVID-19 pandemic and (iii) the unfavorable impact of \$7.5 million of revenue recognized during 2019 in connection with the sale of rights to future commission payments on customer handset insurance arrangements in the U.K.
- (c) The increase in B2B subscription revenue is primarily due to an increase in the average number of SOHO customers in the U.K. The increase in B2B non-subscription revenue is primarily attributable to our operations in the U.K., including the net effect of (i) an increase in revenue associated with long-term leases of a portion of our network and (ii) a decrease in lower margin revenue related to business network services.
- (d) The decrease in other revenue is attributable to lower broadcasting revenue in Ireland, largely due to the impact of the COVID-19 pandemic.

Belgium. The details of the increase in Belgium's revenue during 2020, as compared to 2019, are set forth below:

	Subscription revenue	Non- subscription revenue in millions	Total
Increase (decrease) in residential cable subscription revenue due to change in:			
Average number of customers	\$ (36.0)	\$ —	\$ (36.0)
ARPU	12.1	—	12.1
Decrease in residential cable non-subscription revenue	—	(0.7)	(0.7)
Total decrease in residential cable revenue	(23.9)	(0.7)	(24.6)
Increase (decrease) in residential mobile revenue (a)	4.6	(38.5)	(33.9)
Increase (decrease) in B2B revenue (b)	25.7	(5.6)	20.1
Decrease in other revenue	—	(5.1)	(5.1)
Total organic increase (decrease)	6.4	(49.9)	(43.5)
Impact of acquisitions	—	42.4	42.4
Impact of dispositions	(5.8)	(1.8)	(7.6)
Impact of FX	43.3	15.4	58.7
Total	<u>\$ 43.9</u>	<u>\$ 6.1</u>	<u>\$ 50.0</u>

- (a) The decrease in residential mobile non-subscription revenue is primarily attributable to (i) lower interconnect and mobile roaming revenue, largely driven by stay-at-home behaviors during the COVID-19 pandemic, and (ii) a decrease in revenue from mobile handset sales, due in large part to the impact of temporary retail store closures during the COVID-19 pandemic.
- (b) The increase in B2B subscription revenue is primarily attributable to an increase in the average number of SOHO customers.

For information concerning certain regulatory developments that could have an adverse impact on our revenue in Belgium, see “*Belgium Regulatory Developments*” in note 20 to the Consolidated Financial Statements.

Switzerland. The details of the increase in Switzerland's revenue during 2020, as compared to 2019, are set forth below:

	Subscription revenue	Non- subscription revenue in millions	Total
Decrease in residential cable subscription revenue due to change in:			
Average number of customers	\$ (61.1)	\$ —	\$ (61.1)
ARPU	(15.6)	—	(15.6)
Decrease in residential cable non-subscription revenue (a)	—	(10.6)	(10.6)
Total decrease in residential cable revenue	(76.7)	(10.6)	(87.3)
Increase in residential mobile revenue (b)	15.5	2.7	18.2
Increase (decrease) in B2B revenue	(1.0)	0.5	(0.5)
Increase in other revenue	—	0.2	0.2
Total organic decrease	(62.2)	(7.2)	(69.4)
Impact of acquisitions	167.7	115.9	283.6
Impact of FX	72.6	28.2	100.8
Total	<u>\$ 178.1</u>	<u>\$ 136.9</u>	<u>\$ 315.0</u>

- (a) The decrease in residential cable non-subscription revenue is primarily attributable to (i) a decrease in revenue associated with our Swiss sports channels, (ii) lower revenue from construction services provided to our partner networks and (iii) lower revenue from late fees.
- (b) The increase in residential mobile subscription revenue is primarily due to an increase in the average number of mobile subscribers.

Central and Eastern Europe. The details of the increase in Central and Eastern Europe's revenue during 2020, as compared to 2019, are set forth below:

	Subscription revenue	Non- subscription revenue in millions	Total
Increase in residential cable subscription revenue due to change in:			
Average number of customers	\$ 6.0	\$ —	\$ 6.0
ARPU	4.5	—	4.5
Decrease in residential cable non-subscription revenue	—	(0.2)	(0.2)
Total increase (decrease) in residential cable revenue	10.5	(0.2)	10.3
Increase in residential mobile revenue	1.7	0.4	2.1
Increase in B2B revenue	2.8	1.0	3.8
Increase in other revenue	—	0.4	0.4
Total organic increase	15.0	1.6	16.6
Impact of FX	(5.0)	(0.1)	(5.1)
Total	<u>\$ 10.0</u>	<u>\$ 1.5</u>	<u>\$ 11.5</u>

Adjusted EBITDA of our Consolidated Reportable Segments

Adjusted EBITDA 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 loss from continuing operations before income taxes to Adjusted EBITDA, see note 18 to the Consolidated Financial Statements.

Adjusted EBITDA — 2020 compared to 2019

	Year ended December 31,		Increase (decrease)		Organic increase (decrease)	
	2020	2019	\$	%	\$	%
	in millions, except percentages					
U.K./Ireland.....	\$ 2,712.2	\$ 2,845.3	\$ (133.1)	(4.7)	\$ (149.7)	(5.3)
Belgium.....	1,541.0	1,479.2	61.8	4.2	38.7	2.6
Switzerland.....	720.6	650.6	70.0	10.8	(74.3)	(11.4)
Central and Eastern Europe.....	221.3	221.6	(0.3)	(0.1)	2.2	1.0
Central and Corporate.....	(92.7)	(164.3)	71.6	(43.6)	(1.5)	(0.9)
Intersegment eliminations (a).....	—	1.1	(1.1)	N.M.	(1.1)	N.M.
Total.....	<u>\$ 5,102.4</u>	<u>\$ 5,033.5</u>	<u>\$ 68.9</u>	<u>1.4</u>	<u>\$ (185.7)</u>	<u>(3.7)</u>

N.M. — Not Meaningful.

- (a) The amount for the 2019 period includes transactions between our continuing and discontinued operations prior to the disposal dates of such discontinued operations.

Adjusted EBITDA Margin — 2020 and 2019

The following table sets forth the Adjusted EBITDA margins (Adjusted EBITDA divided by revenue) of each of our consolidated reportable segments:

	Year ended December 31,	
	2020	2019
U.K./Ireland.....	41.2 %	43.1 %
Belgium.....	52.4 %	51.2 %
Switzerland.....	45.8 %	51.7 %
Central and Eastern Europe.....	45.5 %	46.6 %

In addition to organic changes in the revenue, cost of services, G&A and selling expenses of our consolidated reportable segments, the Adjusted EBITDA margins presented above include the impact of acquisitions. For discussion of the factors contributing to the changes in the Adjusted EBITDA margins of our consolidated reportable segments, see the analysis of our revenue included in *Discussion and Analysis of our Reportable Segments* above and the analysis of our expenses included in *Discussion and Analysis of our Consolidated Operating Results* below.

Discussion and Analysis of our Consolidated Operating Results

General

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

2020 compared to 2019

Revenue

Our revenue by major category is set forth below:

	Year ended December 31,		Increase (decrease)		Organic increase (decrease)	
	2020	2019	\$	%	\$	%
in millions, except percentages						
Residential revenue:						
Residential cable revenue (a):						
Subscription revenue (b):						
Broadband internet	\$ 3,272.5	\$ 3,187.4	\$ 85.1	2.7	\$ 9.9	0.3
Video	2,714.5	2,721.9	(7.4)	(0.3)	(59.6)	(2.2)
Fixed-line telephony	1,344.6	1,413.2	(68.6)	(4.9)	(97.3)	(6.9)
Total subscription revenue	7,331.6	7,322.5	9.1	0.1	(147.0)	(2.0)
Non-subscription revenue	220.7	198.1	22.6	11.4	(6.5)	(3.3)
Total residential cable revenue	7,552.3	7,520.6	31.7	0.4	(153.5)	(2.0)
Residential mobile revenue (c):						
Subscription revenue (b)	1,091.8	932.1	159.7	17.1	20.1	2.2
Non-subscription revenue	692.0	688.2	3.8	0.6	(54.1)	(7.9)
Total residential mobile revenue	1,783.8	1,620.3	163.5	10.1	(34.0)	(2.1)
Total residential revenue	9,336.1	9,140.9	195.2	2.1	(187.5)	(2.1)
B2B revenue (d):						
Subscription revenue	524.5	472.5	52.0	11.0	42.1	8.9
Non-subscription revenue	1,524.7	1,441.5	83.2	5.8	10.7	0.7
Total B2B revenue	2,049.2	1,914.0	135.2	7.1	52.8	2.8
Other revenue (e)	595.0	484.6	110.4	22.8	(32.2)	(6.1)
Total	\$ 11,980.3	\$ 11,539.5	\$ 440.8	3.8	\$ (166.9)	(1.4)

- (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 \$227.9 million and \$247.4 million during 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 broadband internet, video, 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 (i) 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 and (ii) revenue from long-term leases of portions of our network.
- (e) Other revenue includes, among other items, (i) broadcasting revenue in Belgium and Ireland, (ii) revenue earned from transitional and other services provided to various third parties and (iii) revenue earned from the JV Services and the sale of customer premises equipment to the VodafoneZiggo JV.

Total revenue. Our consolidated revenue increased \$440.8 million or 3.8% during 2020, as compared to 2019. This increase includes an increase of \$326.0 million attributable to the aggregate impact of the Sunrise Acquisition and the De Vijver Media Acquisition and a decrease of \$7.6 million attributable to the impact of a disposition. On an organic basis, our consolidated revenue decreased \$166.9 million or 1.4%.

Residential revenue. The details of the increase in our consolidated residential revenue during 2020, as compared to 2019, are as follows (in millions):

Decrease in residential cable subscription revenue due to change in:	
Average number of customers	\$ (62.4)
ARPU	(84.6)
Decrease in residential cable non-subscription revenue	(6.5)
Total decrease in residential cable revenue	(153.5)
Increase in residential mobile subscription revenue	20.1
Decrease in residential mobile non-subscription revenue	(54.1)
Total organic decrease in residential revenue	(187.5)
Impact of acquisitions and dispositions	224.5
Impact of FX	158.2
Total increase in residential revenue	\$ 195.2

On an organic basis, our consolidated residential cable subscription revenue decreased \$147.0 million or 2.0% during 2020, as compared to 2019, primarily attributable to decreases in Switzerland and U.K./Ireland.

On an organic basis, our consolidated residential cable non-subscription revenue decreased \$6.5 million or 3.3% during 2020, as compared to 2019, primarily due to a decrease in Switzerland.

On an organic basis, our consolidated residential mobile subscription revenue increased \$20.1 million or 2.2% during 2020, as compared to 2019, primarily attributable to an increase in Switzerland.

On an organic basis, our consolidated residential mobile non-subscription revenue decreased \$54.1 million or 7.9% during 2020, as compared to 2019, primarily due to decreases in Belgium and U.K./Ireland.

B2B revenue. On an organic basis, our consolidated B2B subscription revenue increased \$42.1 million or 8.9% during 2020, as compared to 2019, primarily due to increases in Belgium and U.K./Ireland.

On an organic basis, our consolidated B2B non-subscription revenue increased \$10.7 million or 0.7% during 2020, as compared to 2019, primarily attributable to an increase in U.K./Ireland

Other revenue. On an organic basis, our consolidated other revenue decreased \$32.2 million or 6.1% during 2020, as compared to 2019, primarily attributable to (i) a decrease in revenue earned from sales of customer premises equipment to the VodafoneZiggo JV and (ii) lower broadcasting revenue in Ireland and Belgium.

Cost of services

Cost of services include programming and copyright costs, interconnect and access costs, costs of mobile handsets and other devices, network operations, customer operations, customer care, share-based compensation and other costs related to our operations. Programming and copyright costs represent a significant portion of our costs of services 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. We do not include share-based compensation and depreciation and amortization in the following discussion and analysis of the cost of services of our reportable segments as these items are not included our performance measures. Share-based compensation expense and depreciation and amortization are discussed separately below.

Our cost of services (exclusive of share-based compensation expense and depreciation and amortization) increased \$299.7 million or 6.2% during 2020, as compared to 2019. This increase includes an increase of \$182.2 million attributable to the aggregate impact of the Sunrise Acquisition and the De Vijver Media Acquisition. On an organic basis, our cost of services increased \$29.5 million or 0.6%. This increase includes the following factors:

- A decrease in programming and copyright costs of \$61.2 million or 3.8%, attributable to lower costs for certain premium and/or basic content, as decreases in Belgium, U.K./Ireland and Switzerland were only partially offset by an increase in Poland. The decrease in U.K./Ireland is due to aggregate credits or rebates of \$52.0 million received in connection with the loss of exclusive programming content due to the COVID-19 pandemic, which generally offset the aforementioned adverse revenue impacts in U.K./Ireland resulting from the COVID-19 pandemic;
- An increase in personnel costs of \$40.0 million or 8.3%, primarily due to the net effect of (i) higher staffing levels in U.K./Ireland and Belgium that were only partially offset by lower staffing levels in Switzerland, (ii) lower average costs per employee, primarily due to decreases in U.K./Ireland and Belgium that were only partially offset by an increase in Switzerland, (iii) lower costs due to higher capitalizable activities, primarily in U.K./Ireland and (iv) a decrease in temporary personnel costs, primarily due to a decrease in U.K./Ireland that was only partially offset by an increase in Switzerland. The increase in personnel costs in U.K./Ireland also includes the impact of higher costs associated with regulated contract notifications, as further described in note 20 to the Consolidated Financial Statements;
- A decrease in interconnect and access costs of \$23.4 million or 2.8%, primarily due to the net effect (i) lower interconnect and mobile roaming costs and (ii) higher MVNO costs in Switzerland and U.K./Ireland. The lower interconnect and mobile roaming costs are primarily attributable to a decrease in Belgium that was only partially offset by an increase in U.K./Ireland. Across all of our markets, interconnect and mobile roaming costs have been impacted by changes in usage per mobile subscriber associated with factors such as lower travel and the use of WiFi alternatives during stay-at-home mandates or recommendations as a result of the COVID-19 pandemic;
- A decrease in mobile handset and other device costs of \$20.1 million or 5.3%, primarily due to lower sales volumes in U.K./Ireland and Belgium, largely due to certain retail store closures as a result of the COVID-19 pandemic;
- An increase in network infrastructure charges in U.K./Ireland of \$20.1 million following an increase in the rateable value of certain of Virgin Media's assets. For additional information, see "*Other Regulatory Issues*" in note 20 to the Consolidated Financial Statements;
- An increase in cost of services due to \$19.5 million recognized during the third quarter of 2020 in U.K./Ireland associated with the completion of the VM Receivables Financing Sale, representing the difference between the carrying amount of the associated receivables and the amount received pursuant to the sale;
- Higher costs in U.K./Ireland associated with a \$15.9 million charge recorded during the third quarter of 2020 in connection with the reassessment of certain items related to prior years;
- A decrease in customer service costs of \$9.5 million or 3.8%, primarily due to lower external call center costs in U.K./Ireland. The lower call center costs in U.K./Ireland include the impact of lockdowns during the second and, to a lesser extent, third quarter of 2020 associated with the COVID-19 pandemic, which prevented certain outsourced contract services from being performed; and
- An increase in core network and information technology-related costs of \$8.7 million or 3.2%, primarily due to the net effect of (i) higher information technology-related expenses, primarily due to an increase in Central and Corporate that

was only partially offset by a decrease in Switzerland, (ii) lower network maintenance costs, primarily due to a decrease in Central and Corporate that was only partially offset by increases in Switzerland and U.K./Ireland and (iii) an increase in leased bandwidth and outsourced data center costs in Central and Corporate.

General and administrative expenses

General and administrative expenses include human resources, information technology, general services, management, finance, legal, share-based compensation and other general expenses related to our administrative functions. We do not include share-based compensation and depreciation and amortization in the following discussion and analysis of the general and administrative expenses of our reportable segments as these items are not included in our performance measures. Share-based compensation expense and depreciation and amortization are separately discussed further below.

Our general and administrative expenses (exclusive of share-based compensation expense and depreciation and amortization) increased \$19.8 million or 2.6% during 2020, as compared to 2019. This increase includes an increase of \$39.4 million attributable to the aggregate impact of the Sunrise Acquisition and the De Vijver Media Acquisition. On an organic basis, our general and administrative expenses decreased \$30.9 million or 3.9%. This decrease includes the following factors:

- A decrease in personnel costs of \$12.1 million or 2.9%, primarily due to the net effect of (i) lower average costs per employee, primarily due to a decrease in Central and Corporate that was only partially offset by increases in U.K./Ireland and Belgium and (ii) higher staffing levels, primarily due to increases in Central and Corporate and Belgium that were only partially offset by a decrease in U.K./Ireland. The lower average cost per employee includes the impact of (a) lower severance costs in U.K./Ireland of \$6.3 million associated with severance payments recorded during the second quarter of 2019 in connection with revisions to our operating model and decreases in senior management personnel and (b) a decrease in Central and Corporate related to a \$5.0 million cash bonus paid in the second quarter of 2019 associated with the renewal of an existing executive employment contract on similar terms;
- An increase in business service costs of \$11.7 million or 8.8%, primarily due to the net effect of (i) higher consulting costs, primarily due to increases in Central and Corporate, U.K./Ireland and Switzerland that were only partially offset by a decrease in Belgium and (ii) a decrease in travel and entertainment expenses; and
- A decrease in property costs of \$8.8 million or 8.7%, primarily due to lower rent expense resulting from retail store closures in U.K./Ireland.

Selling expenses

Selling expenses include costs associated with our sales and marketing function.

Our selling expenses (exclusive of share-based compensation expense) increased \$52.2 million or 5.6% during 2020, as compared to 2019. This increase includes an increase of \$13.3 million attributable to the aggregate impact of the Sunrise Acquisition and the De Vijver Media Acquisition. On an organic basis, our selling expenses increased \$20.2 million or 2.2%. This increase includes the following factors:

- An increase in personnel costs of \$14.3 million or 3.6%, primarily due to the net effect of (i) higher average costs per employee, primarily due to increases in U.K./Ireland and Belgium, (ii) lower staffing levels, primarily due to decreases in Belgium and U.K./Ireland, (iii) a decrease in temporary personnel costs, primarily due to a decrease in U.K./Ireland, and (iv) higher incentive compensation costs, primarily in U.K./Ireland;
- A decrease in customer service costs of \$10.3 million or 26.4%, primarily due to lower external call center costs in Belgium and U.K./Ireland;
- A decrease in business service costs of \$4.6 million or 12.3%, primarily due to the net effect of (i) a decrease in travel and entertainment expenses and (ii) higher consulting costs, primarily due to an increase in U.K./Ireland; and
- A decrease in external sales and marketing costs of \$3.0 million or 0.7%, primarily due to the net effect of (i) lower costs associated with third-party sales commissions in Belgium and (ii) higher costs associated with advertising campaigns, primarily due to increases in U.K./Ireland and Poland that were only partially offset by decreases in Switzerland and Belgium. The increase in costs associated with advertising campaigns in U.K./Ireland includes higher costs associated with regulated contract notifications, as further described in note 20 to the Consolidated Financial Statements.

Share-based compensation expense (included in cost of services and G&A expenses)

Our share-based compensation expense primarily relates to the share-based incentive awards issued by Liberty Global to its employees and employees of its subsidiaries. A summary of the aggregate share-based compensation expense is set forth below:

	Year ended December 31,	
	2020	2019
	in millions	
Liberty Global:		
Performance-based incentive awards (a).....	\$ 127.4	\$ 134.5
Non-performance based incentive awards (b).....	128.4	113.9
Other (c).....	46.2	39.0
Total Liberty Global.....	302.0	287.4
Telenet share-based incentive awards (d).....	35.5	15.6
Other.....	4.8	9.1
Total.....	\$ 342.3	\$ 312.1
Included in:		
Cost of services.....	\$ 7.5	\$ 4.0
G&A expenses.....	334.8	308.1
Total.....	\$ 342.3	\$ 312.1

- (a) Includes share-based compensation expense related to (i) PSUs, (ii) the 2019 Challenge Performance Awards and (iii) the performance-based portion of the 2019 CEO Performance Award.
- (b) In 2019 we changed our policy to provide that all new equity grants would have ten-year contractual terms in order to more closely align with common market practice. In April 2020, the compensation committee of our board of directors approved the extension of the expiration dates of outstanding SARs and director options granted in 2013 from a seven-year term to a ten-year term in order to align with this new policy. Accordingly, the Black-Scholes fair values of the outstanding awards increased, resulting in the recognition of an aggregate incremental share-based compensation expense of \$18.9 million during 2020. The 2019 amount includes share-based compensation expense related to the RSAs issued under the 2019 CEO Performance Award, as defined and described below.
- (c) Represents annual incentive compensation and defined contribution plan liabilities that have been or are expected to be settled with Liberty Global ordinary shares. In the case of the annual incentive compensation, shares have been or will be issued to senior management and key employees pursuant to a shareholding incentive program. The shareholding incentive program allows these employees to elect to receive up to 100% of their annual incentive compensation in ordinary shares of Liberty Global in lieu of cash.
- (d) Represents the share-based compensation expense associated with Telenet's share-based incentive awards, which, at December 31, 2020, included performance- and non-performance-based stock option awards with respect to 5,001,814 Telenet shares. These stock option awards had a weighted average exercise price of €40.69 (\$49.74).

For additional information concerning our share-based compensation, see note 13 to the Consolidated Financial Statements.

Depreciation and amortization expense (included in cost of services and G&A expenses)

Our depreciation and amortization expense was \$2,496.4 million and \$3,842.5 million during 2020 and 2019, respectively. Excluding the effects of FX, depreciation and amortization expense decreased \$1,380.1 million or 35.9% during 2020, as compared to 2019. This decrease is primarily due to the net effect of (i) a decrease in U.K./Ireland of \$1,051.4 million as a result of the held-for-sale presentation of the U.K. JV Entities effective May 7, 2020, (ii) a decrease associated with certain assets becoming fully depreciated, primarily in U.K./Ireland, Central and Corporate, Belgium and Switzerland, (iii) 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 and (iv) a decrease due to assets becoming fully amortized, primarily in U.K./Ireland.

Impairment, restructuring and other operating items, net

We recognized impairment, restructuring and other operating items, net, of \$93.2 million during 2020, as compared to \$86.1 million during 2019.

The 2020 amount primarily includes (i) direct acquisition and disposition costs of \$76.9 million, primarily related to costs incurred in connection with the Sunrise Acquisition and the pending formation of the U.K. JV, (ii) restructuring charges of \$45.6 million, including employee severance and termination costs related to certain reorganization activities of \$15.0 million in Switzerland, \$12.9 million in U.K./Ireland and \$5.9 million in Central and Corporate, (iii) a \$37.4 million gain in Belgium during 2020 associated with the disposal of certain content assets and liabilities and (iv) impairment charges of \$13.8 million, respectively, primarily in Belgium and U.K./Ireland.

The 2019 amount primarily includes (i) restructuring charges of \$87.3 million, including employee severance and termination costs related to certain reorganization activities of \$40.2 million in U.K./Ireland, \$32.3 million in Central and Corporate and \$10.5 million in Switzerland, (ii) impairment charges of \$34.2 million, primarily related to the write-off of certain network assets in U.K./Ireland, and (iii) an aggregate credit related to direct acquisition and disposition costs of \$18.1 million primarily related to the net effect of (a) a \$50.4 million cash termination fee received from Sunrise during the fourth quarter in connection with the termination of a share purchase agreement to sell our operations in Switzerland (the **Sunrise SPA**) and (b) costs incurred in connection with (1) the sales of the Vodafone Disposal Group and UPC DTH and (2) the Sunrise SPA.

If, among other factors, (i) our equity values were to decline or (ii) the adverse impacts of economic, competitive, regulatory or other factors 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 non-current assets. Any such impairment charges could be significant.

For additional information regarding our restructuring charges, see note 16 to the Consolidated Financial Statements.

Net finance costs

	Year ended December 31,	
	2020	2019
	in millions	
Foreign currency transaction losses, net.....	\$ (1,416.3)	\$ (94.8)
Interest expense.....	(1,247.1)	(1,431.0)
Realized and unrealized losses on derivative instruments, net.....	(879.3)	(192.0)
Losses on debt extinguishment, net.....	(233.2)	(216.7)
Total finance costs.....	(3,775.9)	(1,934.5)
Interest and dividend income.....	57.2	77.8
Realized and unrealized gains due to changes in fair values of certain investments and debt....	13.9	68.2
Total finance income.....	71.1	146.0
Net finance costs.....	\$ (3,704.8)	\$ (1,788.5)

Interest expense

We recognized interest expense of \$1,247.1 million and \$1,431.0 million during 2020 and 2019, respectively, including interest expense of the U.K. JV Entities. Excluding the effects of FX, interest expense decreased \$219.0 million or 15.3% during 2020, as compared to 2019. This decrease is primarily attributable to (i) a lower weighted average interest rate and (ii) a slightly lower average outstanding debt balance. For additional information regarding our outstanding indebtedness, see note 14 to the Consolidated 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 8 to the Consolidated Financial Statements and under *Qualitative and Quantitative Disclosures about Market Risk* below, we use derivative instruments to manage our interest rate risks.

Realized and unrealized losses 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 losses on derivative instruments, net, are as follows:

	Year ended December 31,	
	2020	2019
	in millions	
Cross-currency and interest rate derivative contracts (a)	\$ (1,184.3)	\$ (207.3)
Equity-related derivative instruments:		
ITV Collar	364.2	(84.4)
Lionsgate Forward	0.8	13.0
Other	21.7	8.0
Total equity-related derivative instruments (b)	386.7	(63.4)
Foreign currency forward and option contracts	(81.1)	77.4
Other	(0.6)	1.3
Total	<u>\$ (879.3)</u>	<u>\$ (192.0)</u>

- (a) The loss during 2020 is attributable to net losses associated with (i) changes in the relative value of certain currencies and (ii) changes in certain market interest rates. In addition, the loss during 2020 includes a net gain of \$336.0 million resulting from changes in our credit risk valuation adjustments. The loss during 2019 is attributable to net losses associated with (a) changes in certain market interest rates and (b) changes in the relative value of certain currencies. In addition, the loss during 2019 includes a net gain of \$16.6 million resulting from changes in our credit risk valuation adjustments.
- (b) For information concerning the factors that impact the valuations of our equity-related derivative instruments, see note 8 to the Consolidated Financial Statements.

For additional information concerning our derivative instruments, see notes 8 and 9 to the Consolidated Financial Statements and *Quantitative and Qualitative Disclosures about Market Risk* below.

Losses on debt extinguishment, net

We recognized net losses on debt extinguishment of \$233.2 million and \$216.7 million during 2020 and 2019, respectively.

The loss during 2020 is primarily attributable to (i) the payment of \$206.6 million of redemption premiums and (ii) the write-off of \$30.0 million of net unamortized deferred financing costs, discounts and premiums.

The loss during 2019 is primarily attributable to (i) the payment of \$172.2 million of redemption premiums and (ii) the write-off of \$42.5 million of net unamortized deferred financing costs, discounts and premiums.

For additional information concerning our losses on debt extinguishment, net, see note 14 to the Consolidated Financial Statements.

Realized and unrealized gains due to changes in fair values of certain investments and debt, net

Our realized and unrealized gains or losses due to changes in fair values of certain investments and debt include unrealized gains or losses associated with changes in fair values that are non-cash in nature until such time as these gains or losses are realized through cash transactions. For additional information regarding our investments, fair value measurements and debt, see notes 7, 9 and 14, respectively, to the Consolidated Financial Statements. The details of our realized and unrealized gains due to changes in fair values of certain investments and debt, net, are as follows:

	Year ended December 31,	
	2020	2019
	in millions	
Investments:		
Skillz	\$ 238.0	\$ 1.1
ITV	(217.1)	163.9
EdgeConneX	33.1	—
CANAL+ Polska	(26.3)	2.7
SMAs	5.2	—
Lionsgate	4.0	(25.0)
Other, net	(32.4)	(47.5)
Total investments	4.5	95.2
Debt	9.4	(27.0)
Total	<u>\$ 13.9</u>	<u>\$ 68.2</u>

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:

	Year ended December 31,	
	2020	2019
	in millions	
Intercompany payables and receivables denominated in a currency other than the entity's functional currency (a)	\$ (1,887.0)	\$ (116.7)
U.S. dollar denominated debt issued by euro functional currency entities	433.8	(110.3)
Cash and restricted cash denominated in a currency other than the entity's functional currency	(131.2)	—
British pound sterling denominated debt issued by a U.S. dollar functional currency entity	88.9	(51.3)
U.S. dollar denominated debt issued by British pound sterling functional currency entities	50.7	215.6
Euro denominated debt issued by British pound sterling functional currency entities	30.5	(30.3)
Other	(2.0)	(1.8)
Total	<u>\$ (1,416.3)</u>	<u>\$ (94.8)</u>

- (a) Amounts primarily relate to (i) loans between certain of our non-operating and operating subsidiaries in Europe, which generally are denominated in the currency of the applicable operating subsidiary and (ii) loans between certain of our non-operating subsidiaries in the U.S. and Europe.

For information regarding how we manage our exposure to foreign currency risk, see *Quantitative and Qualitative Disclosures about Market Risk — Foreign Currency Risk* below.

Share of results of affiliates, net

The following table sets forth the details of our share of results of affiliates, net:

	Year ended December 31,	
	2020	2019
	in millions	
VodafoneZiggo JV (a)	\$ (201.1)	\$ (185.9)
All3Media	(27.9)	(8.8)
Formula E	(8.4)	1.7
Other	(13.6)	(3.1)
Total	<u>\$ (251.0)</u>	<u>\$ (196.1)</u>

- (a) Amounts include the net effect of (i) our 50% share of the results of operations of the VodafoneZiggo JV and (ii) interest income of \$48.0 million and \$50.4 million, respectively, representing 100% of the interest earned on the VodafoneZiggo JV Receivables. The summarized results of operations of the VodafoneZiggo JV are set forth below:

	Year ended December 31,	
	2020	2019
	in millions	
Revenue	\$ 4,565.4	\$ 4,407.8
Adjusted EBITDA	\$ 2,142.0	\$ 1,987.7
Operating income (1)	\$ 283.7	\$ 119.1
Non-operating expense (2)	\$ (570.9)	\$ (631.6)
Net loss	<u>\$ (448.7)</u>	<u>\$ (470.0)</u>

(1) Includes depreciation and amortization of \$1,871.4 million and \$1,822.1 million, respectively.

(2) Includes interest expense of \$598.6 million and \$647.3 million, respectively.

For additional information regarding our equity method investments, see note 7 to the Consolidated Financial Statements.

Other income (expense), net

We recognized other income (expense), net, of \$3.2 million and (\$26.0 million) during 2020 and 2019, respectively.

Income tax benefit (expense)

We recognized income tax benefit (expense) of \$246.1 million and (\$245.7 million) during 2020 and 2019, respectively.

The income tax benefit during 2020 differs from the expected income tax benefit of \$338.6 million (based on the U.K. statutory income tax rate of 19.0%), primarily due to the net negative impact of (i) non-deductible or non-taxable foreign currency exchange results and (ii) certain permanent differences between the financial and tax accounting treatment of items associated with investments in subsidiaries. The net negative impact of these items was partially offset by the net positive impact of (a) the recognition of previously unrecognized tax benefits and (b) an increase in deferred tax assets in the U.K. due to an enacted change in tax law.

The income tax expense during 2019 differs from the expected income tax benefit of \$231.4 million (based on the U.K. statutory income tax rate of 19.0%), primarily due to the net negative impact of (i) certain permanent differences between the financial and tax accounting treatment of (a) interest and other items and (b) items associated with investments in subsidiaries and affiliates and (ii) a net increase in unrecognized deductible temporary deferred items.

For additional information concerning our income taxes, see note 10 to the Consolidated Financial Statements.

Loss from continuing operations

During 2020 and 2019, we reported losses from continuing operations of \$1,536.0 million and \$1,463.5 million, respectively, consisting of (i) operating profit of \$2,170.5 million and \$792.8 million, respectively, (ii) net non-operating expense of \$3,952.6 million and \$2,010.6 million, respectively, and (iii) income tax benefit (expense) of \$246.1 million and (\$245.7 million), respectively.

Gains or losses associated with (i) changes in the fair values of derivative instruments, (ii) movements in foreign currency exchange rates and (iii) the disposition of assets and changes in ownership 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 generate profits is largely dependent on our ability to increase our aggregate operating income to a level that more than offsets the aggregate amount of our (a) interest expense, (b) other non-operating expenses and (c) income tax expenses.

Due largely to the fact that we seek to maintain our debt at levels that provide for attractive equity returns, as discussed under *Liquidity and Capital Resources — Capitalization* below, 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 consolidated statements of profit or loss, see *Discussion and Analysis of our Reportable Segments* and *Discussion and Analysis of our Consolidated Operating Results* above.

Profit from discontinued operations, net of taxes

We reported profit from discontinued operations, net of taxes, of \$731.7 million during 2019 related to the operations of the Vodafone Disposal Group and UPC DTH. In addition, we recognized a gain of \$12.4 billion related to the third quarter 2019 sale of the Vodafone Disposal Group and a gain of \$120.5 million related to the second quarter sale of UPC DTH. For additional information, see note 5 to the Consolidated Financial Statements.

Net profit attributable to noncontrolling interests

Net profit attributable to noncontrolling interests includes the noncontrolling interests' share of the results of our continuing and discontinued operations. Our net profit attributable to noncontrolling interests was \$161.1 million and \$107.0 million during 2020 and 2019, respectively. The increase is primarily attributable to the results of operations of Telenet.

Liquidity and Capital Resources

Sources and Uses of Cash

We are a holding company that is dependent on the capital resources of our subsidiaries to satisfy our liquidity requirements at the corporate level. Each of our significant operating subsidiaries is separately financed within one of our three subsidiary “borrowing groups.” These borrowing groups include the respective restricted parent and subsidiary entities within Telenet, Virgin Media and UPC Holding. Although our borrowing groups typically generate cash from operating activities, the terms of the instruments governing the indebtedness of these borrowing groups may restrict our ability to access the liquidity of these subsidiaries. In addition, our ability to access the liquidity of these and other subsidiaries may be limited by tax and legal considerations, the presence of noncontrolling interests and other factors.

Cash and cash equivalents

The details of the U.S. dollar equivalent balances of our consolidated cash and cash equivalents at December 31, 2020 are set forth in the following table (in millions):

Cash and cash equivalents held by:	
Liberty Global and unrestricted subsidiaries:	
Liberty Global (a).....	\$ 33.1
Unrestricted subsidiaries (b).....	1,132.4
Total Liberty Global and unrestricted subsidiaries.....	1,165.5
Borrowing groups (c):	
Telenet.....	100.2
UPC Holding.....	31.4
Virgin Media (d).....	30.1
Total borrowing groups.....	161.7
Total cash and cash equivalents.....	\$ 1,327.2

- (a) Represents the amount held by Liberty Global on a standalone basis.
- (b) Represents the aggregate amount held by subsidiaries that are outside of our borrowing groups.
- (c) Except as otherwise noted, represents the aggregate amounts held by the parent entity and restricted subsidiaries of our borrowing groups.
- (d) Represents the cash and cash equivalents of the Virgin Media borrowing group, which includes (i) certain subsidiaries of Virgin Media, but excludes the parent entity, Virgin Media Inc., and (ii) the cash and cash equivalents of the U.K. JV Entities, as such cash and cash equivalents will be retained by Liberty Global upon the formation of the U.K. JV and are therefore not classified as held for sale. Amount excludes the Escrowed Proceeds associated with the VM O2 Notes. For information regarding the held-for-sale presentation of the U.K. JV Entities and the Escrowed Proceeds, see notes 5 and 14, respectively, to the Consolidated Financial Statements.

Liquidity of Liberty Global and its unrestricted subsidiaries

The \$33.1 million of cash and cash equivalents held by Liberty Global and, subject to certain tax and legal considerations, the \$1,132.4 million of aggregate cash and cash equivalents held by unrestricted subsidiaries, together with the \$1,965.9 million of investments held under SMAs, represented available liquidity at the corporate level at December 31, 2020. Our remaining cash and cash equivalents of \$161.7 million at December 31, 2020 were held by our borrowing groups, as set forth in the table above. As noted above, various factors may limit our ability to access the cash of our borrowing groups. For information regarding certain limitations imposed by our subsidiaries’ debt instruments at December 31, 2020, see note 14 to the Consolidated Financial Statements.

Our current sources of corporate liquidity include (i) cash and cash equivalents held by Liberty Global and, subject to certain tax and legal considerations, Liberty Global’s unrestricted subsidiaries, (ii) investments held under SMAs, (iii) interest

and dividend income received on our and, subject to certain tax and legal considerations, our unrestricted subsidiaries' cash and cash equivalents and investments, including dividends received from the VodafoneZiggo JV, (iv) cash received with respect to transitional and other services provided to various third parties and (v) interest payments received with respect to the VodafoneZiggo JV Receivables.

From time to time, Liberty Global and its unrestricted subsidiaries may also receive (i) proceeds in the form of distributions or loan repayments from Liberty Global's borrowing groups or affiliates (including amounts from the VodafoneZiggo JV) upon (a) the completion of recapitalizations, refinancings, asset sales or similar transactions by these entities or (b) the accumulation of excess cash from operations or other means, (ii) proceeds upon the disposition of investments and other assets of Liberty Global and its unrestricted subsidiaries and (iii) proceeds in connection with the incurrence of debt by Liberty Global or its unrestricted subsidiaries or the issuance of equity securities by Liberty Global, including equity securities issued to satisfy subsidiary obligations. No assurance can be given that any external funding would be available to Liberty Global or its unrestricted subsidiaries on favorable terms, or at all.

At December 31, 2020, our consolidated cash and cash equivalents balance included \$1,282.7 million held by entities that are domiciled outside of the U.K. Based on our assessment of our ability to access the liquidity of our subsidiaries on a tax efficient basis and our expectations with respect to our corporate liquidity requirements, we do not anticipate that tax considerations will adversely impact our corporate liquidity over the next 12 months. Our ability to access the liquidity of our subsidiaries on a tax efficient basis is a consideration in assessing the extent of our share repurchase program. In addition, for information regarding certain limitations imposed by our subsidiaries' debt instruments at December 31, 2020, see note 14 to the Consolidated Financial Statements.

In addition, the amount of cash we receive from our subsidiaries to satisfy U.S. dollar-denominated liquidity requirements is impacted by fluctuations in exchange rates, particularly with regard to the translation of British pounds sterling and euros into U.S. dollars. In this regard, the strengthening (weakening) of the U.S. dollar against these currencies will result in decreases (increases) in the U.S. dollars received from the applicable subsidiaries to fund the repurchase of our equity securities and other U.S. dollar-denominated liquidity requirements.

Our corporate liquidity requirements include (i) corporate general and administrative expenses, (ii) interest payments on the ITV Collar Loan and (iii) principal payments on the ITV Collar Loan to the extent not settled through the delivery of the underlying shares. In addition, Liberty Global and its unrestricted subsidiaries may require cash in connection with (a) the repayment of third-party and intercompany debt, (b) the satisfaction of contingent liabilities, (c) acquisitions, (d) the repurchase of equity and debt securities, (e) other investment opportunities, (f) any funding requirements of our subsidiaries and affiliates or (g) income tax payments. In addition, our parent entity uses available liquidity to make interest and principal payments on notes payable to certain of our unrestricted subsidiaries (aggregate outstanding principal of \$9.3 billion at December 31, 2020 with varying maturity dates).

During 2020, the aggregate amount of our share repurchases, including direct acquisition costs, was \$1,072.3 million. At December 31, 2020, the remaining amount authorized for share repurchases was \$1.0 billion. As a U.K. incorporated company, we may only elect to repurchase shares or pay dividends to the extent of our Distributable Reserves. For additional information regarding our share repurchase programs and Distributable Reserves, see note 12 to the Consolidated Financial Statements.

For information regarding the liquidity impacts of the Sunrise Acquisition, see note 4 to the Consolidated Financial Statements.

Liquidity of borrowing groups

The cash and cash equivalents of our borrowing groups are detailed in the table above. In addition to cash and cash equivalents, the primary sources of liquidity of our borrowing groups are cash provided by operations and borrowing availability under their respective debt instruments. For the details of the borrowing availability of our borrowing groups at December 31, 2020, see note 14 to the Consolidated Financial Statements. The aforementioned sources of liquidity may be supplemented in certain cases by contributions and/or loans from Liberty Global and its unrestricted subsidiaries. The liquidity of our borrowing groups generally is used to fund (i) property and equipment additions, (ii) debt service requirements and (iii) income tax payments, as well as to settle certain obligations that are not included in our December 31, 2020 consolidated statement of financial position. In this regard, we have significant commitments related to (a) programming, studio output and sports rights contracts, (b) certain operating costs associated with our networks and (c) purchase obligations associated with customer premises equipment and certain service-related commitments. These obligations are expected to represent a significant liquidity requirement of our borrowing groups, the majority of which is due over the next 12 to 24 months. For additional information regarding our commitments, see note 20 to the Consolidated Financial Statements.

From time to time, our borrowing groups may also require liquidity in connection with (i) acquisitions and other investment opportunities, (ii) loans to Liberty Global, (iii) capital distributions to Liberty Global and other equity owners or (iv) the satisfaction of contingent liabilities. No assurance can be given that any external funding would be available to our borrowing groups on favorable terms, or at all.

For additional information regarding our consolidated cash flows, see the discussion under *Consolidated Statements of Cash Flows* below.

Capitalization

We seek to maintain our debt at levels that provide for attractive equity returns without assuming undue risk. In this regard, we generally seek to cause our operating subsidiaries to maintain their debt at levels that result in a consolidated debt balance (excluding the ITV Collar Loan and measured using subsidiary debt figures at swapped foreign currency exchange rates, consistent with the covenant calculation requirements of our subsidiary debt agreements) that is between four and five times our consolidated Adjusted EBITDA, although the timing of our acquisitions and financing transactions and the interplay of average and spot foreign currency rates may impact this ratio. Consolidated Adjusted EBITDA is a non-GAAP measure, which investors should view as a supplement to, and not a substitute for, IFRS measures of performance included in our consolidated statements of profit or loss.

Our ability to service or refinance our debt and to maintain compliance with the leverage covenants in the credit agreements and indentures of our borrowing groups is dependent primarily on our ability to maintain or increase the Adjusted EBITDA of our operating subsidiaries 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 various debt instruments of our borrowing groups. For example, if the Adjusted EBITDA of one of our borrowing groups were to decline, our ability to obtain additional debt could be limited. Under our credit facilities and senior and senior secured notes there is no cross-default risk between subsidiary borrowing groups in the event that one or more of our borrowing groups were to experience significant declines in their Adjusted EBITDA to the extent they were no longer able to service their debt obligations. Any mandatory prepayment events or events of default that may occur would only impact the relevant borrowing group in which these events occur and do not allow for any recourse to other borrowing groups or Liberty Global plc. Our credit facilities and senior and senior secured notes require that certain members of the relevant borrowing group guarantee the payment of all sums payable thereunder and such group members are required to grant first-ranking security over their shares or, in certain borrowing groups, over substantially all of their assets to secure the payment of all sums payable thereunder. At December 31, 2020, each of our borrowing groups was in compliance with its debt covenants. In addition, we do not anticipate any instances of non-compliance with respect to the debt covenants of our borrowing groups that would have a material adverse impact on our liquidity during the next 12 months.

At December 31, 2020, the outstanding principal amount of our consolidated debt, together with our lease obligations, aggregated \$16.6 billion, including \$1.5 billion that is classified as current in our consolidated statement of financial position and \$14.3 billion that is not due until 2026 or thereafter. All of our consolidated debt and lease obligations have been borrowed or incurred by our subsidiaries at December 31, 2020.

We believe we have sufficient resources to repay or refinance the current portion of our debt and 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 COVID-19 pandemic), sovereign debt concerns or any adverse regulatory developments could impact the credit and equity 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, any weakness in the equity markets could make it less attractive to use our shares to satisfy contingent or other obligations, and sustained or increased competition, particularly in combination with adverse economic or regulatory developments, could have an unfavorable impact on our cash flows and liquidity.

For information regarding potential impacts of the COVID-19 pandemic on our company's liquidity, see the discussion included above in *Overview*. For additional information concerning our debt and lease obligations, see notes 14 and 15, respectively, to the Consolidated Financial Statements.

Consolidated Statements of Cash Flows

General. Our cash flows are subject to significant variations due to FX. See related discussion under *Quantitative and Qualitative Disclosures about Market Risk — Foreign Currency Risk* below.

Consolidated Statements of Cash Flows — 2020 compared to 2019

Summary. The 2020 and 2019 consolidated statements of cash flows of our continuing operations are summarized as follows:

	Year ended December 31,		Change
	2020	2019	
	in millions		
Net cash provided by operating activities.....	\$ 4,388.3	\$ 3,872.2	\$ 516.1
Net cash provided (used) by investing activities.....	(8,958.9)	9,490.1	(18,449.0)
Net cash provided (used) by financing activities.....	966.0	(7,029.5)	7,995.5
Effect of exchange rate changes on cash and cash equivalents and restricted cash...	141.0	0.4	140.6
Net increase (decrease) in cash and cash equivalents and restricted cash.....	<u>\$ (3,463.6)</u>	<u>\$ 6,333.2</u>	<u>\$ (9,796.8)</u>

Operating Activities. The increase in net cash provided by our operating activities is primarily attributable to the net effect of (i) an increase in the reported cash provided by operating activities due to FX, (ii) a decrease in the cash provided by our Adjusted EBITDA and related working capital items, which includes an increase in cash of \$272.1 million (at the applicable rate) in connection with the VM Receivables Financing Sale, (iii) an increase in cash provided due to lower payments of interest, (iv) a decrease in cash provided due to higher cash payments related to derivative instruments, (v) an increase in cash provided due to lower payments for taxes and (vi) an increase in cash provided due to higher cash received from dividends. Consolidated Adjusted EBITDA is a non-GAAP measure, which investors should view as a supplement to, and not a substitute for, IFRS measures of performance included in our consolidated statements of profit or loss.

Investing Activities. The change in net cash provided (used) by our investing activities is primarily attributable to the net effect of (i) a decrease in cash of \$11,203.1 million as a result of higher net cash proceeds received from the sale of discontinued operations during 2019, (ii) a decrease in cash of \$5,244.7 million associated with higher net cash paid for acquisitions, primarily related to the Sunrise Acquisition, (iii) a decrease in cash of \$2,114.8 million associated with higher net cash paid for investments, primarily related to our investments held under SMAs, (iv) an increase in cash of \$400.1 million as a result of cash released from the Vodafone Escrow Accounts and (v) a decrease in cash of \$141.1 million due to higher capital expenditures. Capital expenditures increased from \$1,294.0 million during 2019 to \$1,435.1 million during 2020 primarily attributable to an increase due to lower proceeds received for transfers to related parties.

The capital expenditures we report in our consolidated statements of cash flows do not include amounts that are financed under capital-related vendor financing or lease arrangements. Instead, these amounts are reflected as non-cash additions to our property and equipment when the underlying assets are delivered and as repayments of debt when the principal is repaid. In this discussion, we refer to (i) our capital expenditures as reported in our consolidated statements of cash flows, which exclude amounts financed under capital-related vendor financing or lease arrangements, and (ii) our total property, equipment and intangible asset additions, which include our capital expenditures on an accrual basis and amounts financed under capital-related vendor financing or lease arrangements. For further details regarding our property, equipment and intangible asset additions, see note 18 to the Consolidated Financial Statements. A reconciliation of our consolidated property, equipment and intangible asset additions to our consolidated capital expenditures, as reported in our consolidated statements of cash flows, is set forth below:

	Year ended December 31,	
	2020	2019
	in millions	
Property, equipment and intangible asset additions	\$ 2,907.5	\$ 3,010.9
Assets acquired under capital-related vendor financing arrangements	(1,371.1)	(1,727.0)
Assets acquired under leases	(177.1)	(162.1)
Changes in current liabilities related to capital expenditures	75.8	172.2
Capital expenditures, net	<u>\$ 1,435.1</u>	<u>\$ 1,294.0</u>
Capital expenditures, net:		
Third-party payments	\$ 1,437.6	\$ 1,374.8
Proceeds received for transfers to related parties (a)	(2.5)	(80.8)
Total capital expenditures, net	<u>\$ 1,435.1</u>	<u>\$ 1,294.0</u>

- (a) Primarily relates to transfers of centrally-procured property and equipment to the VodafoneZiggo JV and our discontinued operations, as applicable.

The decrease in our property, equipment and intangible asset additions during 2020 is primarily due to (i) a decrease in local currency expenditures of our subsidiaries due to the net effect of (a) a decrease in expenditures for new build and upgrade projects, (b) a decrease in baseline expenditures, including network improvements and expenditures for property and facilities and information technology systems, (c) a decrease in expenditures for the purchase and installation of customer premises equipment, (d) an increase due to the Sunrise Acquisition and (e) an increase in expenditures to support new customer products and operational efficiency initiatives and (ii) an increase due to FX. During 2020 and 2019, our property, equipment and intangible asset additions represented 24.3% and 26.1% of revenue, respectively.

We expect our 2021 property, equipment and intangible asset additions to remain relatively stable as compared to our 2020 property, equipment and intangible asset additions. The actual amount of our 2021 property, equipment and intangible asset additions may vary from our expectations for a variety of reasons, including (i) changes in (a) the competitive or regulatory environment, (b) business plans, (c) our expected future operating results or (d) foreign currency exchange rates and (ii) the availability of sufficient capital. Accordingly, no assurance can be given that our actual property, equipment and intangible asset additions will not vary materially from our expectations.

Financing Activities. The change in net cash provided (used) by our financing activities is primarily attributable to an increase in cash of (i) \$6,197.6 million related to higher net borrowings of debt and lease obligations and (ii) \$2,147.1 million due to lower repurchases of Liberty Global ordinary shares.

Adjusted Free Cash Flow

We define adjusted free cash flow as net cash provided by the operating activities of our continuing operations, plus (i) cash payments for third-party costs directly associated with successful and unsuccessful acquisitions and dispositions and (ii) expenses financed by an intermediary, less (a) capital expenditures, as reported in our consolidated statements of cash flows, (b) principal payments on amounts financed by vendors and intermediaries and (c) principal payments on certain leases (exclusive of the portions of the network lease in Belgium that we assumed in connection with an acquisition), with each item excluding any cash provided or used by our discontinued operations. We believe our presentation of adjusted free cash flow provides useful information to our investors because this measure can be used to gauge our ability to service debt and fund new investment opportunities. Adjusted free cash flow, which is a non-GAAP measure, should not be understood to represent our ability to fund discretionary amounts, as we have various mandatory and contractual obligations, including debt repayments, that are not deducted to arrive at this amount. Investors should view adjusted free cash flow as a supplement to, and not a substitute for, IFRS measures of liquidity included in our consolidated statements of cash flows.

The following table provides the details of our adjusted free cash flow:

	Year ended December 31,	
	2020	2019
	in millions	
Net cash provided by operating activities of our continuing operations (a)	\$ 4,388.3	\$ 3,872.2
Cash payments (receipts) for direct acquisition and disposition costs	34.7	(13.5)
Expenses financed by an intermediary (b)	2,770.0	2,171.4
Capital expenditures, net	(1,435.1)	(1,294.0)
Principal payments on amounts financed by vendors and intermediaries	(4,506.0)	(3,934.7)
Principal payments on certain leases	(182.1)	(170.1)
Adjusted free cash flow	<u>\$ 1,069.8</u>	<u>\$ 631.3</u>

- (a) The 2019 amount includes interest payments related to debt that was repaid in connection with the completion of the disposition of the Vodafone Disposal Group. These interest payments were not allocated to discontinued operations.
- (b) For purposes of our consolidated statements of cash flows, expenses financed by an intermediary are treated as hypothetical operating cash outflows and hypothetical financing cash inflows when the expenses are incurred. When we pay the financing intermediary, we record financing cash outflows in our consolidated statements of cash flows. For purposes of our adjusted free cash flow definition, we add back the hypothetical operating cash outflow when these financed expenses are incurred and deduct the financing cash outflows when we pay the financing intermediary.

Critical Accounting Policies, Judgments and Estimates

In connection with the preparation of our consolidated financial statements, we make estimates and assumptions that affect the reported amounts of assets and liabilities, revenue and expenses and related disclosure of contingent assets and liabilities. Critical accounting policies are defined as those policies that are reflective of significant judgments, estimates and uncertainties, which would potentially result in materially different results under different assumptions and conditions. We believe the following accounting policies are critical in the preparation of our consolidated financial statements because of the judgment necessary to account for these matters and the significant estimates involved, which are susceptible to change:

- Impairment of property and equipment and intangible assets (including goodwill);
- Costs associated with construction and installation activities;
- Fair value measurements; and
- Income tax accounting.

We have discussed the selection of the aforementioned critical accounting policies with the audit committee of our board of directors. For additional information concerning our significant accounting policies, see note 2 to the Consolidated Financial Statements.

Impairment of Property and Equipment and Intangible Assets

Carrying Value. The aggregate carrying value of our property and equipment and intangible assets (including goodwill) that was held for use comprised 38.9% of our total assets at December 31, 2020.

When circumstances warrant, we review the carrying amounts of our property and equipment and our intangible assets (other than goodwill and other indefinite-lived intangible assets) to determine whether such carrying amounts continue to be recoverable. Such changes in circumstance may include (i) an expectation of a sale or disposal of a non-current asset or asset group, (ii) adverse changes in market or competitive conditions, (iii) an adverse change in legal factors or business climate in the markets in which we operate and (iv) operating or cash flow losses. For purposes of impairment testing, non-current assets are grouped at the lowest level for which cash flows are largely independent of other assets and liabilities, generally at or below the reporting unit level (see below). If the carrying amount of the asset or asset group is greater than the expected undiscounted cash flows to be generated by such asset or asset group, an impairment adjustment is recognized. Such adjustment is measured by the amount that the carrying value of such asset or asset group exceeds its fair value. We generally measure fair value by considering (a) sale prices for similar assets, (b) discounted estimated future cash flows using an appropriate discount rate and/or (c) estimated replacement cost. Assets to be disposed of are recorded at the lower of their carrying amount or fair value less costs to sell.

We evaluate goodwill and other indefinite-lived intangible assets for impairment at least annually on October 1 and whenever facts and circumstances indicate that their carrying amounts may not be recoverable. In the case of goodwill, if the fair value of one of our CGUs is less than its carrying value, any excess would be charged to operations as an impairment loss. A CGU is an operating segment or one level below an operating segment (referred to as a “component”). With respect to other indefinite-lived intangible assets, if the fair value of an indefinite-lived intangible asset is less than its carrying value, any excess of the carrying value over the fair value is also charged to operations as an impairment loss.

Considerable management judgment is necessary to estimate the fair value of CGUs and underlying non-current and indefinite-lived assets. The equity of one of our CGUs, Telenet, is publicly traded in an active market. For this CGU, our fair value determination is based on quoted market prices. For other CGUs, we typically determine fair value using a fair value less costs to sell method, with the recoverable amount based primarily on observable EBITDA multiples for recent transactions and publicly-traded peer companies, which are Level 2 inputs in the fair value hierarchy and subject to management’s judgment in selection. Based on the results of our 2020 qualitative assessment of our CGU carrying values, we determined that it was more-likely-than-not that fair value exceeded carrying value for all of our CGUs.

During the two years ended December 31, 2020, we did not record any significant impairment charges with respect to our property and equipment and intangible assets. For additional information regarding our non-current assets, see note 6 to the Consolidated Financial Statements.

If, among other factors, (i) our equity values were to decline or (ii) the adverse impacts of economic, competitive, regulatory or other factors 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 non-current-lived assets. Any such impairment charges could be significant.

Costs Associated with Construction and Installation Activities

We capitalize costs associated with the construction of new cable and mobile transmission and distribution facilities and the installation of new cable services. Installation activities that are capitalized include (i) the initial connection (or drop) from our cable system to a customer location, (ii) the replacement of a drop and (iii) the installation of equipment for additional services, such as digital cable, telephone or broadband internet service. The costs of other customer-facing activities, such as reconnecting customer locations where a drop already exists, disconnecting customer locations and repairing or maintaining drops, are expensed as incurred.

The nature and amount of labor and other costs to be capitalized with respect to construction and installation activities involves significant judgment and estimate. In addition to direct external and internal labor and materials, we also capitalize other costs directly attributable to our construction and installation activities, including dispatch costs, quality-control costs, vehicle-related costs and certain warehouse-related costs. The capitalization of these costs is based on time sheets, time studies, standard costs, call tracking systems and other verifiable means that directly link the costs incurred with the applicable capitalizable activity. We continuously monitor the appropriateness of our capitalization policies and update the policies when necessary to respond to changes in facts and circumstances, such as the development of new products and services and changes in the manner that installations or construction activities are performed.

Fair Value Measurements

IFRS provides guidance with respect to the recurring and nonrecurring fair value measurements and 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.

Recurring Valuations. We perform recurring fair value measurements with respect to our derivative instruments, our fair value method investments and certain instruments that we classify as debt, each of which are carried at fair value. We use (i) cash flow valuation models to determine the fair values of our interest rate and foreign currency derivative instruments and (ii) a Black Scholes option pricing model to determine the fair values of our equity-related derivative instruments. We use quoted market prices when available and, when not available, we use a combination of an income approach (discounted cash flows) and a market approach (market multiples of similar businesses) to determine the fair value of our fair value method investments. For a detailed discussion of the inputs we use to determine the fair value of our derivative instruments and fair value method investments, see note 9 to the Consolidated Financial Statements. See also notes 7 and 8 to the Consolidated Financial Statements for information concerning our fair value method investments and derivative instruments, respectively.

Changes in the fair values of our derivative instruments, fair value method investments and certain instruments that we classify as debt have had, and we believe will continue to have, a significant and volatile impact on our results of operations. During 2020 and 2019, we recognized net losses of \$865.4 million and \$123.8 million, respectively, attributable to changes in the fair values of these items.

As further described in note 9 to the Consolidated Financial Statements, actual amounts received or paid upon the settlement or disposition of these investments and instruments may differ materially from the recorded fair values at December 31, 2020.

For information concerning the sensitivity of the fair value of certain of our more significant derivative instruments to changes in market conditions, see *Quantitative and Qualitative Disclosures About Market Risk — Sensitivity Information* below.

Nonrecurring Valuations. Our nonrecurring valuations are primarily associated with (i) the application of acquisition accounting and (ii) impairment assessments, both of which require that we make fair value determinations as of the applicable valuation date. In making these determinations, we are required to make estimates and assumptions that affect the recorded amounts, including, but not limited to, expected future cash flows, market comparables and discount rates, remaining useful lives of non-current assets, replacement or reproduction costs of property and equipment and the amounts to be recovered in future periods from acquired net operating losses and other deferred tax assets. To assist us in making these fair value determinations, we may engage third-party valuation specialists. Our estimates in this area impact, among other items, the amount of depreciation and amortization, impairment charges and income tax expense or benefit that we report. Our estimates of fair value are based upon assumptions we believe to be reasonable, but which are inherently uncertain. A significant portion of our non-current assets were initially recorded through the application of acquisition accounting and all of our non-current assets are subject to impairment assessments. For additional information, see note 9 to the Consolidated Financial Statements. For information regarding our acquisitions and non-current assets, see notes 4 and 6 to the Consolidated Financial Statements, respectively.

Income Tax Accounting

We are required to estimate the amount of tax payable or refundable for the current year and the deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts and income tax basis of assets and liabilities and the expected benefits of utilizing net operating loss and tax credit carryforwards, using enacted or substantially enacted tax rates in effect for each taxing jurisdiction in which we operate for the year in which those temporary differences are expected to be recovered or settled. This process requires our management to make assessments regarding the timing and probability of the ultimate tax impact of such items.

Net deferred tax assets are recognized to the extent that the realization of them is considered probable. Recognizing deferred tax assets requires us to make assessments about the timing of future events, including the probability of expected future taxable income and available tax planning strategies. At December 31, 2020, the aggregate of unrecognized deferred tax assets was \$1,584.8 million. The actual amount of deferred income tax benefits realized in future periods will likely differ from

the net deferred tax assets reflected in our December 31, 2020 consolidated statement of financial position due to, among other factors, possible future changes in income tax law or interpretations thereof in the jurisdictions in which we operate and differences between estimated and actual future taxable income. Any such factors could have a material effect on our current and deferred tax positions as reported in the consolidated financial statements. A high degree of judgment is required to assess the impact of possible future outcomes on our current and deferred tax positions.

Tax laws in jurisdictions in which we have a presence are subject to varied interpretation, and many tax positions we take are subject to significant uncertainty regarding whether the position will be ultimately sustained after review by the relevant tax authority. We recognize the financial statement effects of a tax position when it is considered probable that the position will be sustained upon examination. The determination of whether the tax position meets the probable threshold requires a facts-based judgment using all information available. In a number of cases, we have concluded that the probable threshold is not met and, accordingly, the amount of tax benefit recognized in the consolidated financial statements is different than the amount taken or expected to be taken in our tax returns.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk in the normal course of our business operations due to our investments in various foreign countries and ongoing investing and financing activities. Market risk refers to the risk of loss arising from adverse changes in foreign currency exchange rates, interest rates and stock prices. The risk of loss can be assessed from the perspective of adverse changes in fair values, cash flows and future profits. As further described below, we have established policies, procedures and processes governing our management of market risks and the use of derivative instruments to manage our exposure to such risks.

Cash and Investments

We invest our cash in highly liquid instruments that meet high credit quality standards. We are exposed to exchange rate risk to the extent that the denominations of our cash and cash equivalent balances, revolving lines of credit and other short-term sources of liquidity do not correspond to the denominations of our and our subsidiaries' short-term liquidity requirements. In order to mitigate this risk, we actively manage the denominations of our cash balances in light of our and our subsidiaries' forecasted liquidity requirements. At December 31, 2020, \$723.1 million or 54.5%, \$427.8 million or 32.2% and \$143.8 million or 10.8% of our consolidated cash balances were denominated in U.S. dollars, British pound sterling and euros, respectively.

We are exposed to market price fluctuations related to our investment in ITV shares, which had an aggregate fair value of \$581.0 million at December 31, 2020. Certain of our ITV shares are held through the ITV Collar. For information concerning the terms of the ITV Collar and ITV Collar Loan, see note 8 to the Consolidated Financial Statements. For those shares that are held through the ITV Collar, our exposure to market risk is limited. For additional information concerning our investment in ITV shares, see note 7 to the Consolidated Financial Statements.

Foreign Currency Risk

We are exposed to foreign currency exchange rate risk with respect to our consolidated debt in situations where our debt is denominated in a currency other than the functional currency of the operations whose cash flows support our ability to repay or refinance such debt. Although we generally match the denomination of our and our subsidiaries' borrowings with the functional currency of the operations that are supporting the respective borrowings, market conditions or other factors may cause us to enter into borrowing arrangements that are not denominated in the functional currency of the underlying operations (unmatched debt). In these cases, our policy is to 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 December 31, 2020, substantially all of our debt was either directly or synthetically matched to the applicable functional currencies of the underlying operations. For additional information concerning the terms of our derivative instruments, see note 8 to the Consolidated Financial Statements.

In addition to the exposure that results from the mismatch of our borrowings and underlying functional currencies, we are exposed to foreign currency risk to the extent that we enter into transactions denominated in currencies other than our or our subsidiaries' respective functional currencies (non-functional currency risk), such as equipment purchases, programming contracts, notes payable and notes receivable (including intercompany amounts). Changes in exchange rates with respect to amounts recorded in our consolidated statements of financial position related to these items will result in unrealized (based upon period-end exchange rates) or realized foreign currency transaction gains and losses upon settlement of the transactions. Moreover, to the extent that our revenue, costs and expenses are denominated in currencies other than our respective functional currencies, we will experience fluctuations in our revenue, costs and expenses solely as a result of changes in foreign currency exchange rates. Generally, we will consider hedging non-functional currency risks when the risks arise from agreements with third parties that involve the future payment or receipt of cash or other monetary items to the extent that we can reasonably predict the timing and amount of such payments or receipts and the payments or receipts are not otherwise hedged. In this regard, we have entered into foreign currency forward contracts to hedge certain of these risks. For additional information concerning our foreign currency forward contracts, see note 8 to the Consolidated Financial Statements.

We also are exposed to unfavorable and potentially volatile fluctuations of the U.S. dollar (our reporting currency) against the currencies of our operating subsidiaries when their respective financial statements are translated into U.S. dollars for inclusion in the Consolidated Financial Statements. Cumulative translation adjustments are recorded in foreign currency translation reserve as a separate component of equity. Any increase (decrease) in the value of the U.S. dollar against any foreign currency that is the functional currency of one of our operating subsidiaries will cause us to experience unrealized foreign currency translation losses (gains) with respect to amounts already invested in such foreign currencies. Accordingly, we may experience a negative impact on our comprehensive income or loss and equity with respect to our holdings solely as a result of FX. Our primary exposure to FX risk during the three months ended December 31, 2020 was to the British pound sterling, euro

and Swiss franc, as 47.3%, 30.6% and 18.8% of our reported revenue during the period was derived from subsidiaries whose functional currencies are the British pound sterling, euro and Swiss franc, respectively. In addition, our reported operating results are impacted by changes in the exchange rates for the Swiss franc and other local currencies in Europe. We do not hedge against the risk that we may incur non-cash losses upon the translation of the financial statements of our subsidiaries and affiliates into U.S. dollars. For information regarding certain currency instability risks with respect to the British pound sterling and euro, see *Management's Discussion and Analysis of Financial Condition and Results of Operations — Overview* above.

The relationships between the primary currencies of the countries in which we operate and the U.S. dollar, which is our reporting currency, are shown below, per one U.S. dollar:

	As of December 31,	
	2020	2019
Spot rates:		
Euro.....	0.8180	0.8906
British pound sterling.....	0.7325	0.7540
Swiss franc.....	0.8852	0.9664
Polish zloty.....	3.7363	3.7906
	Year ended December 31,	
	2020	2019
Average rates:		
Euro.....	0.8775	0.8933
British pound sterling.....	0.7796	0.7835
Swiss franc.....	0.9389	0.9937
Polish zloty.....	3.8979	3.8388

Inflation and Foreign Investment Risk

We are subject to inflationary pressures with respect to labor, programming and other costs. While we attempt to increase our revenue to offset increases in costs, there is no assurance that we will be able to do so. Therefore, costs could rise faster than associated revenue, thereby resulting in a negative impact on our operating results, cash flows and liquidity. The economic environment in the respective countries in which we operate is a function of government, economic, fiscal and monetary policies and various other factors beyond our control that could lead to inflation. We are unable to predict the extent that price levels might be impacted in future periods by the current state of the economies in the countries in which we operate.

Interest Rate Risks

We are exposed to changes in interest rates primarily as a result of our borrowing activities, which include fixed-rate and variable-rate borrowings by our borrowing groups. Our primary exposure to variable-rate debt is through the EURIBOR-indexed and LIBOR-indexed debt of our borrowing groups and the variable-rate debt of certain of our other subsidiaries.

In general, we enter into derivative instruments to protect against increases in the interest rates on our variable-rate debt. Accordingly, we have entered into various derivative transactions to manage exposure to increases in interest rates. We use interest rate derivative contracts to exchange, at specified intervals, the difference between fixed and variable interest rates calculated by reference to an agreed-upon notional principal amount. We also use (i) purchased interest rate cap and collar agreements and swaptions to 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 and (ii) purchased interest rate floor agreements to protect against interest rates falling below a certain level, generally to match a floating rate floor on a debt instrument. Under our current guidelines, we use various interest rate derivative instruments to mitigate interest rate risk, generally for five years, with the later years covered primarily by swaptions. As such, the final maturity dates of our various portfolios of interest rate derivative instruments generally fall short of the respective maturities of the underlying variable-rate debt. In this regard, we use judgment to determine the appropriate composition and maturity dates of our portfolios of interest rate derivative instruments, taking into account the relative costs and benefits of different maturity profiles in light of current and expected future market conditions, liquidity issues and other factors. For additional information concerning the impacts of these interest rate derivative instruments, see note 8 to the Consolidated Financial Statements.

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. In November 2020, ICE Benchmark administration (the entity that administers LIBOR) announced its intention to continue publishing USD LIBOR rates until June 30, 2023, with the exception of the one-week and two-month rates which, along with all GBP LIBOR rates, it intends to cease publishing after December 31, 2021. While this extension allows additional runway on existing contracts using USD LIBOR rates, companies are still encouraged to transition away from using USD LIBOR as soon as practicable and should not enter into new contracts that use USD LIBOR after 2021. The methodology for EURIBOR has been reformed and EURIBOR has been granted regulatory approval to continue to be used. 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.

In October 2020, the International Swaps and Derivatives Association (the ISDA) launched a new supplement (the Fallback Supplement), which effective January 25, 2021, will amend the standard definitions for interest rate derivatives to incorporate fallbacks for derivatives linked to certain key interbank offered rates (IBORs). The ISDA also launched a new protocol (the Fallback Protocol), also effective January 25, 2021, that will enable market participants to incorporate these revisions into their legacy non-cleared derivatives with other counterparties that choose to adhere to the protocol. The fallbacks for a particular currency will apply following a permanent cessation of the IBOR in that currency and will be adjusted versions of the risk-free rates identified in each currency. 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.

Weighted Average Variable Interest Rate. At December 31, 2020, the outstanding principal amount of our variable-rate indebtedness aggregated \$9.8 billion, and the weighted average interest rate (including margin) on such variable-rate indebtedness was approximately 2.8%, excluding the effects of interest rate derivative contracts, deferred financing costs, original issue premiums or discounts and commitment fees, all of which affect our overall cost of borrowing. Assuming no change in the amount outstanding, and without giving effect to any interest rate derivative contracts, deferred financing costs, original issue premiums or discounts and commitment fees, a hypothetical 50 basis point (0.50%) increase (decrease) in our weighted average variable interest rate would increase (decrease) our annual consolidated interest expense and cash outflows by \$49.0 million. As discussed above and in note 8 to the Consolidated Financial Statements, we use interest rate derivative contracts to manage our exposure to increases in variable interest rates. In this regard, increases in the fair value of these contracts generally would be expected to offset most of the economic impact of increases in the variable interest rates applicable to our indebtedness to the extent and during the period that principal amounts are matched with interest rate derivative contracts.

Counterparty Credit Risk

We are exposed to the risk that the counterparties to the derivative instruments, undrawn debt facilities and cash investments of our subsidiary borrowing groups 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 and undrawn debt facilities is spread across a relatively broad counterparty base of banks and financial institutions. With the exception of a limited number of instances where we have required a counterparty to post collateral, neither party has posted collateral under the derivative instruments of our subsidiary borrowing groups. Collateral is generally not posted by either party under the derivative instruments of our subsidiary borrowing groups. Most of our cash currently is invested in either (i) AAA credit rated money market funds, including funds that invest in government obligations, or (ii) overnight deposits with banks having a minimum credit rating of A by Standard & Poor's or an equivalent rating by Moody's Investor Service. To date, neither the access to nor the value of our cash and cash equivalent balances have been adversely impacted by liquidity problems of financial institutions.

At December 31, 2020, our exposure to counterparty credit risk included (i) derivative assets with an aggregate fair value of \$83.2 million, (ii) cash and cash equivalent and restricted cash balances of \$4,717.3 million and (iii) aggregate undrawn debt facilities of \$1,554.5 million.

Each of our subsidiary borrowing groups have entered into derivative instruments under master agreements with each counterparty that contain master netting arrangements that are applicable in the event of early termination by either party to such derivative instrument. The master netting arrangements are limited to the derivative instruments, and derivative-related debt instruments, governed by the relevant master agreement within each individual borrowing group and are independent of similar arrangements of our other subsidiary borrowing groups.

Under our derivative contracts, it is generally only the non-defaulting party that has a contractual option to exercise early termination rights upon the default of the other counterparty and to set off other liabilities against sums due upon such termination. However, in an insolvency of a derivative counterparty, under the laws of certain jurisdictions, the defaulting counterparty or its insolvency representatives may be able to compel the termination of one or more derivative contracts and trigger early termination payment liabilities payable by us, reflecting any mark-to-market value of the contracts for the counterparty. Alternatively, or in addition, the insolvency laws of certain jurisdictions may require the mandatory set off of amounts due under such derivative contracts against present and future liabilities owed to us under other contracts between us and the relevant counterparty. Accordingly, it is possible that we may be subject to obligations to make payments, or may have present or future liabilities owed to us partially or fully discharged by set off as a result of such obligations, in the event of the insolvency of a derivative counterparty, even though it is the counterparty that is in default and not us. To the extent that we are required to make such payments, our ability to do so will depend on our liquidity and capital resources at the time. In an insolvency of a defaulting counterparty, we will be an unsecured creditor in respect of any amount owed to us by the defaulting counterparty, except to the extent of the value of any collateral we have obtained from that counterparty.

In addition, where a counterparty is in financial difficulty, under the laws of certain jurisdictions, the relevant regulators may be able to (i) compel the termination of one or more derivative instruments, determine the settlement amount and/or compel, without any payment, the partial or full discharge of liabilities arising from such early termination that are payable by the relevant counterparty or (ii) transfer the derivative instruments to an alternative counterparty.

While we currently have no specific concerns about the creditworthiness of any counterparty for which we have material credit risk exposures, we cannot rule out the possibility that one or more of our counterparties could fail or otherwise be unable to meet its obligations to us. Any such instance could have an adverse effect on our cash flows, results of operations, financial condition and/or liquidity.

Although we actively monitor the creditworthiness of our key vendors, the financial failure of a key vendor could disrupt our operations and have an adverse impact on our revenue and cash flows.

Sensitivity Information

Information concerning the sensitivity of the fair value of certain of our more significant derivative instruments to changes in market conditions is set forth below. The potential changes in fair value set forth below do not include any amounts associated with the remeasurement of the derivative asset or liability into the applicable functional currency. For additional information, see notes 8 and 9 to the Consolidated Financial Statements.

UPC Holding Cross-currency and Interest Rate Derivative Contracts

Holding all other factors constant, at December 31, 2020:

- (i) an instantaneous increase (decrease) of 10% in the value of the Swiss franc and Polish zloty relative to the euro would have decreased (increased) the aggregate fair value of the UPC Holding cross-currency and interest rate derivative contracts by approximately €460 million (\$562 million);
- (ii) an instantaneous increase (decrease) of 10% in the value of the Swiss franc relative to the U.S. dollar would have decreased (increased) the aggregate fair value of the UPC Holding cross-currency and interest rate derivative contracts by approximately €349 million (\$427 million); and
- (iii) an instantaneous increase (decrease) in the relevant base rate of 50 basis points (0.50%) would have increased (decreased) the aggregate fair value of the UPC Holding cross-currency and interest rate derivative contracts by approximately €109 million (\$133 million).

Telenet Cross-currency and Interest Rate Derivative Contracts

Holding all other factors constant, at December 31, 2020:

- (i) an instantaneous increase (decrease) of 10% in the value of the euro relative to the U.S. dollar would have decreased (increased) the aggregate fair value of the Telenet cross-currency and interest rate derivative contracts by approximately €362 million (\$442 million); and
- (ii) an instantaneous increase (decrease) in the relevant base rate of 50 basis points (0.50%) would have increased (decreased) the aggregate fair value of the Telenet cross-currency and interest rate derivative contracts by approximately €94 million (\$114 million).

Projected Cash Flows Associated with Derivative Instruments

The following table provides information regarding the projected cash flows associated with our derivative instruments. The U.S. dollar equivalents presented below are based on interest rate projections and exchange rates as of December 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. As a result of the held-for-sale presentation of the debt and lease obligations of the U.K. JV Entities in our December 31, 2020 consolidated statement of financial position, the amounts presented below do not include projected derivative cash flows related to the U.K. JV Entities. For information regarding the held-for-sale presentation of the U.K. JV Entities, see note 5 to the Consolidated Financial Statements. For additional information regarding our derivative instruments, see note 8 to the Consolidated Financial Statements. For information concerning the counterparty credit risk associated with our derivative instruments, see the discussion under *Counterparty Credit Risk* above.

	Payments (receipts) due during:						Total
	2021	2022	2023	2024	2025	Thereafter	
	in millions						
Projected derivative cash payments (receipts), net:							
Interest-related (a).....	\$ 38.8	\$ 77.9	\$ 34.0	\$ 0.5	\$ (21.7)	\$ (121.8)	\$ 7.7
Principal-related (b).....	(12.2)	—	69.6	(42.9)	64.7	337.3	416.5
Other (c).....	—	(49.2)	(130.9)	(0.1)	—	—	(180.2)
Total.....	<u>\$ 26.6</u>	<u>\$ 28.7</u>	<u>\$ (27.3)</u>	<u>\$ (42.5)</u>	<u>\$ 43.0</u>	<u>\$ 215.5</u>	<u>\$ 244.0</u>

- (a) Includes (i) the cash flows of our interest rate cap, floor 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 equity-related derivative instruments and foreign currency forward contracts. We may elect to use cash or the collective value of the related shares and equity-related derivative instrument to settle the ITV Collar Loan.

RISK FACTORS

In addition to the other information contained in this annual report, you should consider the following risk factors in evaluating our results of operations, financial condition, business and operations or an investment in the shares of our company.

The risk factors described in this section have been separated into four groups:

- risks that relate to the competition we face and the technology used in our businesses;
- risks that relate to our operating in overseas markets and being subject to foreign regulation;
- risks that relate to certain financial matters; and
- other risks, including risks that, among other things, relate to the obstacles that may be faced by anyone who may seek to acquire us.

Although we describe below and elsewhere in this annual report the risks we consider to be the most material, there may be other unknown or unpredictable economic, business, competitive, regulatory or other factors that also could have material adverse effects on our results of operations, financial condition, business or operations in the future. In addition, past financial performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods.

If any of the events described below, individually or in combination, were to occur, our businesses, prospects, financial condition, results of operations and/or cash flows could be materially adversely affected.

Factors Relating to Competition and Technology

We operate in increasingly competitive markets, and there is a risk that we will not be able to effectively compete with other service providers. The markets for cable television, broadband internet, telephony and mobile services are highly competitive. In the provision of video services, we face competition from FTA and DTT broadcasters, video provided via satellite platforms, networks using DSL, VDSL or vectoring technology, multi-channel multipoint distribution system operators, FTTx networks, OTT video service providers, and, in some countries where parts of our systems are overbuilt, cable networks, among others. Our operating businesses are facing increasing competition from video services provided by, or over the networks of, incumbent telecommunications operators and other service providers. As the availability and speed of broadband internet increases, we also face competition from OTT video content providers utilizing our or our competitors' high-speed internet connections. In the provision of telephony and broadband internet services, we are experiencing increasing competition from the incumbent telecommunications operators and other service providers in each country in which we operate, as well as providers of mobile voice and data. The incumbent telecommunications operators typically dominate the market for these services and have the advantage of nationwide networks and greater resources than we have to devote to the provision of these services. Many of the incumbent operators offer double-play, triple-play and quadruple-play bundles of services. In many countries, we also compete with other operators using LLU to provide these services, other facilities-based operators and wireless providers. Developments in the DSL as well as investments into FTTx technology by the incumbent telecommunications operators and alternative providers have improved the attractiveness of our competitors' products and services and strengthened their competitive position. Developments in wireless technologies, such as 5G and fixed wireless access (FWA), are creating additional competitive challenges.

In some of our markets, national and local government agencies may seek to become involved, either directly or indirectly, in the establishment of FTTx networks, DTT systems or other communications systems. We intend to pursue available options to restrict such involvement or to ensure that such involvement is on commercially reasonable terms. There can be no assurance, however, that we will be successful in these pursuits. As a result, we may face competition from entities not requiring a normal commercial return on their investments. In addition, we may face more vigorous competition than would have been the case if there were no government involvement.

We expect the level and intensity of competition to continue to increase from both existing competitors and the influx of new market entrants as a result of changes in the regulatory framework of the industries in which we operate, as well as strategic alliances and cooperative relationships among industry participants. Increased competition could result in increased customer churn, reductions of customer acquisition rates for some products and services and significant price and promotional competition in our markets. In combination with difficult economic environments, these competitive pressures could adversely impact our ability to increase or, in certain cases, maintain the revenue, ARPU, RGUs, mobile subscribers, Adjusted EBITDA, Adjusted EBITDA margins and liquidity of our operating segments.

Changes in technology may limit the competitiveness of and demand for our services. Technology in the video, telecommunications and data services industries is changing rapidly, including advances in current technologies and the emergence of new technologies. New technologies, products and services may impact consumer behavior and therefore demand for our products and services. The ability to anticipate changes in technology and consumer tastes and to develop and introduce new and enhanced products and services on a timely basis will affect our ability to continue to grow, increase our revenue and number of subscribers and remain competitive. New products and services, once marketed, may not meet consumer expectations or demand, can be subject to delays in development and may fail to operate as intended. A lack of market acceptance of new products and services that we may offer, or the development of significant competitive products or services by others, could have a material adverse impact on our revenue and Adjusted EBITDA.

Our significant property and equipment additions, namely in connection with our Network Extensions, may not generate a positive return. Significant additions to our property and equipment are, or in the future may be, required to add customers to our networks and to upgrade or expand our broadband communications networks and upgrade customer premises equipment to enhance our service offerings and improve the customer experience. Additions to our property and equipment, which are currently underway, including in connection with our Network Extensions, require significant capital expenditures for equipment and associated labor costs to build out and/or upgrade our networks as well as for related customer premises equipment. Additionally, significant competition, the introduction of new technologies, the expansion of existing technologies, such as FTTx and advanced DSL technologies, the impact of natural disasters, or adverse regulatory developments could cause us to decide to undertake previously unplanned builds or upgrades of our networks and customer premises equipment.

No assurance can be given that any rebuilds, upgrades or extensions of our network (including the Network Extensions) will increase penetration rates, increase average monthly subscription revenue per average cable RGU or mobile subscriber, as applicable, or otherwise generate positive returns as anticipated, or that we will have adequate capital available to finance such rebuilds, upgrades or extensions. Additionally, costs related to our Network Extensions and property and equipment additions could end up being greater than originally anticipated or planned. If this is the case, we may require additional financing sooner than anticipated or we may have to delay or abandon some or all of our development and expansion plans or otherwise forego market opportunities. Additional financing may not be available on favorable terms, if at all, and our ability to incur additional debt will be limited by our debt agreements. If we are unable to, or elect not to, pay for costs associated with adding new customers, expanding, extending or upgrading our networks or making our other planned or unplanned additions to our property and equipment, or are delayed in making such investments, our growth could be limited and our competitive position could be harmed.

We depend almost exclusively on our relationships with third-party programming providers and broadcasters for programming content, and a failure to acquire a wide selection of popular programming on acceptable terms could adversely affect our business. The success of our video subscription business depends, in large part, on our ability to provide a wide selection of popular programming to our subscribers. We generally do not produce our own content and we depend on our agreements, relationships and cooperation with public and private broadcasters and collective rights associations to obtain such content. If we fail to obtain a diverse array of popular programming for our pay television services, including a sufficient selection of HD channels as well as non-linear content (such as a selection of attractive VoD content and rights for ancillary services such as DVR and catch up or 'Replay' services), on satisfactory terms, we may not be able to offer a compelling video product to our customers at a price they are willing to pay. Additionally, we are frequently negotiating and renegotiating programming agreements and our annual costs for programming can vary. There can be no assurance that we will be able to renegotiate or renew the terms of our programming agreements on acceptable terms or at all. There has also been a rise in the number of direct-to-consumer offerings from content owners which impacts negotiations and the content, rights and restrictions available. 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.

If we are unable to obtain or retain attractively priced competitive content, demand for our existing and future video services could decrease, thereby limiting our ability to attract new customers, maintain existing customers and/or migrate customers from lower-tier programming to higher-tier programming, thereby inhibiting our ability to execute our business plans. Furthermore, we may be placed at a competitive disadvantage if certain of our competitors obtain exclusive programming rights, particularly with respect to popular sports and movie programming, and as certain players in the OTT market, for example Netflix, Amazon and Disney, increasingly produce their own exclusive content.

We depend on third-party suppliers and licensors to supply necessary equipment, software and certain services required for our businesses. We rely on third-party vendors for the equipment, software and services that we require in order to provide services to our customers. Our suppliers often conduct business worldwide and their ability to meet our needs is subject to various risks, including political and economic instability, natural calamities, interruptions in transportation systems, terrorism and labor issues. As a result, we may not be able to obtain the equipment, software and services required for our businesses on a

timely basis or on satisfactory terms. Any shortfall in customer premises equipment could lead to delays in completing extensions to our networks and in connecting customers to our services and, accordingly, could adversely impact our ability to maintain or increase our RGUs, revenue and cash flows. Also, if demand exceeds the suppliers' and licensors' capacity or if they experience financial difficulties, the ability of our businesses to provide some services may be materially adversely affected, which in turn could affect our businesses' ability to attract and retain customers. Although we actively monitor the creditworthiness of our key third-party suppliers and licensors, the financial failure of a key third-party supplier or licensor could disrupt our operations and have an adverse impact on our revenue and cash flows. We rely upon intellectual property that is owned or licensed by us to use various technologies, conduct our operations and sell our products and services. Legal challenges could be made against our use of our or our licensed intellectual property rights (such as trademarks, patents and trade secrets) and we may be required to enter into licensing arrangements on unfavorable terms, incur monetary damages or be enjoined from use of the intellectual property rights in question.

Certain of our businesses that offer mobile telephony and data services rely on the radio access networks of third-party wireless network providers to carry our mobile communications traffic. Our services to mobile customers in many jurisdictions in which we operate rely on the use of MVNO arrangements in which we utilize the radio access networks of third-party wireless network providers to carry our mobile communications traffic. If any of our MVNO arrangements are terminated, or if the respective third-party wireless network provider fails to provide the services required under an MVNO arrangement, or if a third-party wireless network provider fails to deploy and maintain its network, and we are unable to find a replacement network operator on a timely and commercially reasonable basis or at all, we could be prevented from continuing the mobile services relying on such MVNO arrangement. Additionally, as our MVNO arrangements come to term, we may not be able to renegotiate renewal or replacement MVNO arrangements on the same or more favorable terms.

Failure in our or third-party technology or telecommunications systems, leakage of sensitive customer data, or security breaches could significantly disrupt our operations, reduce our customer base and result in fines, litigation or lost revenue. Our success depends, in part, on the continued and uninterrupted performance of our information technology and network systems, including internet sites, data hosting and processing facilities and other hardware, software and technical applications and platforms, as well as our customer service centers. Some of these are managed, hosted, provided or used by third-party service providers or their vendors, to assist in conducting our business. In addition, the hardware supporting a large number of critical systems for our cable network in a particular country or geographic region is housed in a relatively small number of locations. Our and our third-party service providers' systems and equipment (including our routers and set-top boxes) are vulnerable to damage or security breach from a variety of sources, including telecommunications failures, power loss, malicious human acts, security flaws, and natural disasters. Moreover, despite security measures, unauthorized parties may gain access to or disrupt our or our third-party service providers' servers, systems and equipment by, among other things, hacking into our servers, systems and equipment or those of our third-party service providers through fraud, computer viruses, worms, phishing, physical or electronic break-ins or burglaries, or errors by our or our third-party service providers' employees. We and our third-party service providers may not be able to anticipate or respond in an adequate and timely manner to attempts to obtain authorized access to, disable or degrade our or our third-party service providers' systems because the techniques for doing so change frequently, are increasingly complex and sophisticated and are difficult to detect for periods of time. In addition, as discussed further below, the security measures and procedures we and our third-party service providers have in place to protect personal data and other information may not be sufficient to counter all data security breaches, cyber-attacks, or system failures. In some cases, mitigation efforts may depend on third parties who may not deliver products or services that meet the required contractual standards or whose hardware, software or network services may be subject to error, defect, delay, or outage.

Through our operations, sales and marketing activities, we collect and store certain personal information related to our customers. This may include phone numbers, drivers license numbers, contact preferences, personal information stored on electronic devices, and payment information, including credit and debit card data. We also gather and retain information about employees in the normal course of business. In certain circumstances, where it is lawful to do so, we may share information about such persons with third-party service providers that assist with certain aspects of our business. Unauthorized parties may attempt to gain access to such data and information using the same methods described in the prior paragraph. As a result, data and information we gather could be subject to misappropriation, misuse, leakage, falsification or accidental release or loss of information maintained in our information technology systems and networks and those of our third-party service providers, including customer and personnel data. As a result of the increasing awareness concerning the importance of safeguarding personal information, the potential misuse of such information and legislation that has been adopted or is being considered across all of our markets regarding the protection, privacy and security of personal information, information-related risks are increasing, particularly for businesses like ours that handle a large amount of personal data. Failure to comply with these data protection laws may result in, among other consequences, fines, litigation or regulatory actions by state, federal or non-U.S. authorities.

Despite the precautions we have taken, unanticipated problems affecting our systems and equipment could cause business disruptions such as failures in our information technology systems, disruption in the transmission of signals over our networks,

unauthorized access to the data and information we gather or similar problems. Further, although we devote significant resources to our cybersecurity programs and have implemented security measures to protect our systems and data, and to prevent, detect and respond to data security incidents, there can be no assurance that our efforts will prevent these threats. Any disruptive situation that causes loss, misappropriation, misuse or leakage of data could damage our reputation and the credibility of our operations, and could subject us to potential liability, including litigation or other legal actions against us, the imposition of penalties, fines, fees or liabilities, which may not be covered by our insurance policies, and lost customers and revenue. While we maintain cyber liability insurance that provides both third-party liability and first-party liability insurance coverage, such insurance may not be sufficient to protect against all of our businesses' losses from any future disruptions or breaches of their systems or other events as described above. Also, a cybersecurity breach and the changing cybersecurity landscape could require us to devote significant management resources to address the problems associated with the breach and to expend significant additional resources to upgrade further the security measures we employ to protect customer, employee, or other personal information against cyber-attacks and other wrongful attempts to access such information, which could result in a disruption of our operations. This includes additional infrastructure capacity spending to mitigate any system degradation and the reallocation of resources from development activities. To date, other than the non-permitted access of one of Virgin Media's databases (see note 20 to the Consolidated Financial Statements), we have not been subject to cyberattacks or network disruptions that, individually or in the aggregate, have been material to our operations or financial condition. Although we have not detected another material security breach or cybersecurity incident to date, we have been the target of events of this nature and expect to be subject to similar attacks in the future.

The "Virgin" brand is used by our subsidiary Virgin Media under licenses from Virgin Enterprises Limited and is not under the control of Virgin Media. The activities of the group of companies utilizing the "Virgin" brand and other licensees could have a material adverse effect on the goodwill of customers towards Virgin Media as a licensee and the licenses from Virgin Enterprises Limited can be terminated in certain circumstances. The "Virgin" brand is integral to Virgin Media's corporate identity. Virgin Media is reliant on the general goodwill of consumers towards the Virgin brand. Consequently, adverse publicity in relation to the group of companies utilizing the "Virgin" brand or its principals, particularly Sir Richard Branson, who is closely associated with the brand, or in relation to another licensee of the "Virgin" name and logo (particularly in the U.K., where Virgin Media does business) could have a material adverse effect on Virgin Media's reputation and on Virgin Media's and our business and results of operations. In addition, the licenses from Virgin Enterprises Limited can be terminated in certain circumstances. For example, Virgin Enterprises Limited can terminate the licenses, after providing Virgin Media with an opportunity to cure, (1) if Virgin Media or any of its affiliates commits persistent and material breaches or a flagrant and material breach of the licenses, (2) if Virgin Enterprises Limited has reasonable grounds to believe that the use (or lack of use) of the licensed trademarks by Virgin Media has been or is likely to result in a long-term and material diminution in the value of the "Virgin" brand, or (3) if a third-party who is not (or one of whose directors is not) a "fit and proper person", such as a legally disqualified director or a bankrupt entity, acquires "control" of Liberty Global. Such a termination could have a material adverse effect on Virgin Media's and our business and results of operations.

Factors Relating to Overseas Operations and Foreign Regulation

Our businesses are conducted almost exclusively outside of the U.S., which gives rise to numerous operational risks. Our businesses operate almost exclusively in countries outside the U.S. and are thereby subject to the following inherent risks:

- fluctuations in foreign currency exchange rates;
- difficulties in staffing and managing international operations;
- potentially adverse tax consequences;
- export and import restrictions, custom duties, tariffs and other trade barriers;
- increases in taxes and governmental fees;
- economic and political instability; and
- changes in foreign and domestic laws and policies that govern operations of foreign-based companies.

Operational risks that we may experience in certain countries include disruptions of services or loss of property or equipment that are critical to overseas businesses due to expropriation, nationalization, war, insurrection, terrorism or general social or political unrest.

We are exposed to foreign currency exchange rate risk. We are exposed to foreign currency exchange rate risk with respect to our consolidated debt in situations where our debt is denominated in a currency other than the functional currency of the operations whose cash flows support our ability to repay or refinance such debt. Although we generally seek to match the

denomination of our and our subsidiaries' borrowings with the functional currency of the operations that are supporting the respective borrowings, market conditions or other factors may cause us to enter into borrowing arrangements that are not denominated in the functional currency of the underlying operations (unmatched debt). In these cases, our policy is to 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 December 31, 2020, substantially all of our debt was either directly or synthetically matched to the applicable functional currencies of the underlying operations.

In addition to the exposure that results from the mismatch of our borrowings and underlying functional currencies, we are exposed to foreign currency risk to the extent that we enter into transactions denominated in currencies other than our or our subsidiaries' respective functional currencies (non-functional currency risk), such as equipment purchases, programming contracts, notes payable and notes receivable (including intercompany amounts). Changes in exchange rates with respect to amounts recorded in our consolidated statements of financial position related to these items will result in unrealized (based upon period-end exchange rates) or realized foreign currency transaction gains and losses upon settlement of the transactions. Moreover, to the extent that our revenue, costs and expenses are denominated in currencies other than our respective functional currencies, we will experience fluctuations in our revenue, costs and expenses solely as a result of changes in foreign currency exchange rates. Generally, we will consider hedging non-functional currency risks when the risks arise from agreements with third parties that involve the future payment or receipt of cash or other monetary items to the extent that we can reasonably predict the timing and amount of such payments or receipts and the payments or receipts are not otherwise hedged. In this regard, we have entered into foreign currency forward contracts to hedge certain of these risks. For additional information concerning our foreign currency forward contracts, see note 8 to the Consolidated Financial Statements.

We also are exposed to unfavorable and potentially volatile fluctuations of the U.S. dollar (our reporting currency) against the currencies of our operating subsidiaries when their respective financial statements are translated into U.S. dollars for inclusion in our consolidated financial statements. Cumulative translation adjustments are recorded in foreign currency translation reserve as a separate component of equity. Any increase (decrease) in the value of the U.S. dollar against any foreign currency that is the functional currency of one of our operating subsidiaries will cause us to experience unrealized foreign currency translation losses (gains) with respect to amounts already invested in such foreign currencies. Accordingly, we may experience a negative impact on our comprehensive income or loss and equity with respect to our holdings solely as a result of foreign currency translation. Our primary exposure to foreign currency translation risk during the three months ended December 31, 2020 was to the British pound sterling, euro and Swiss franc as 47.3%, 30.6% and 18.8% of our reported revenue during the period was derived from subsidiaries whose functional currencies are the British pound sterling, euro and Swiss franc, respectively. In addition, our reported operating results are impacted by changes in the exchange rates for the Swiss franc and other local currencies in Europe. We do not hedge against the risk that we may incur non-cash losses upon the translation of the financial statements of our subsidiaries and affiliates into U.S. dollars.

Our businesses are subject to risks of adverse regulation. Our businesses are subject to the unique regulatory regimes of the countries in which they operate. Video distribution, broadband internet, telephony and mobile businesses are subject to licensing or registration eligibility rules and regulations, which vary by country. Specifically, the E.U. requires Member States to abolish communication network exclusivity in its territory, allowing operators into the E.U. markets based on a simple registration and resulting in greater competition in territories where our businesses may already be active. It is possible that countries in which we operate may adopt laws and regulations regarding electronic commerce, which could dampen the growth of the internet services being offered and developed by these businesses. In a number of countries, our ability to increase the prices we charge for our cable television service or make changes to our services, including the programming packages we offer is limited by regulation or conditions imposed by competition authorities or is subject to review by regulatory authorities or is subject to termination rights of customers. More significantly, regulatory authorities may require us to grant third parties access to our bandwidth, frequency capacity, facilities or services to distribute their own services or resell our services to end customers. Consequently, our businesses must adapt their ownership and organizational structure as well as their pricing and service offerings to satisfy the rules and regulations to which they are subject. A failure to comply with applicable rules and regulations could result in penalties, restrictions on our business or loss of required licenses or other adverse conditions.

Adverse changes in rules and regulations could:

- impair our ability to use our bandwidth in ways that would generate maximum revenue and Adjusted EBITDA;
- create a shortage of capacity on our networks, which could limit the types and variety of services we seek to provide our customers;
- impact our ability to access spectrum for our mobile services;
- strengthen our competitors by granting them access and lowering their costs to enter into our markets; and

- have a significant adverse impact on our results of operations.

Businesses, including ours, that offer multiple services, such as video distribution as well as internet, telephony, and/or mobile services, or that are vertically integrated and offer both video distribution and programming content, often face close regulatory scrutiny from competition authorities in several countries in which they operate. This is particularly the case with respect to any proposed business combinations, which will often require clearance from the European Commission or national competition authorities, which can block, impose conditions on, or delay, an acquisition, thus possibly hampering our opportunities for growth. In the event conditions are imposed and we fail to meet them in a timely manner, the relevant governmental authority may impose fines and, if in connection with a merger transaction, may require restorative measures, such as a mandatory disposition of assets or divestiture of operations.

For information regarding certain other regulatory developments that could adversely impact our results of operations in future periods, see *Legal and Regulatory Proceedings and Other Contingencies - Other Regulatory Matters* in note 20 to the Consolidated Financial Statements.

New legislation may significantly alter the regulatory regimes applicable to us, which could adversely affect our competitive position and profitability, and we may become subject to more extensive regulation if we are deemed to possess significant market power in any of the markets in which we operate. Significant changes to the existing regulatory regimes applicable to the provision of cable television, telephony, internet and mobile services have been and are still being introduced. For example, in the E.U. a large element of regulation affecting our business derives from the European Electronic Communications Code (**Code**) that is the primary source of communications regulation in the E.U. The Code is the basis of the regulatory regimes concerning many of the services we offer across the E.U. and covers issues such as access, user rights, privacy, must carry for video services and competition. In addition, we are subject to review by competition or national regulatory authorities in certain countries concerning whether we exhibit Significant Market Power. A finding of Significant Market Power can result in our company becoming subject to pricing, open access, unbundling and other requirements that could provide a more favorable operating environment for existing and potential competitors. This has resulted, for example, in obligations with respect to call termination for our telephony business in Europe and video and broadband internet access obligations in Belgium.

The U.K.'s departure from the E.U. could have a material adverse effect on our business, financial condition, results of operations or liquidity. 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. On December 24, 2020, the U.K. and the E.U. reached the “Trade and Cooperation Agreement”, referred to as the E.U.-U.K. Agreement. On December 30, 2020, the E.U.-U.K. Agreement was approved by the U.K. Parliament, with retrospective ratification from the E.U. Parliament expected to follow in 2021. In the meantime, the E.U.-U.K. Agreement has been provisionally brought into effect. The E.U.-U.K. Agreement focuses on four main sectors, namely trade, economic and social cooperation, security and governance. Examples of the potential impact Brexit could have on our business, financial condition or results of operations include:

- changes in foreign currency exchange rates and disruptions in the capital markets. For example, a sustained period of weakness in the British pound sterling or the euro could have an adverse impact on our liquidity, including our ability to fund repurchases of our equity securities and other U.S. dollar-denominated liquidity requirements;
- shortages of labor necessary to conduct our business, including our Network Extensions in the U.K.;
- disruption to our U.K. supply chain and related increased cost of supplies;
- a weakened U.K. economy resulting in decreased consumer demand for our products and services in the U.K.;
- legal uncertainty and potentially divergent national laws and regulations as the U.K. determines which E.U. laws and directives to replace or replicate, or where previously implemented by enactment of U.K. laws or regulations, to retain, amend or repeal; and
- various geopolitical forces may impact the global economy and our business, including, for example, other E.U. member states (in particular those member states where we have operations) proposing referendums to, or electing to, exit the E.U.

We cannot be certain that we will be successful with respect to acquisitions, dispositions, partnerships or other similar transactions, or that we will achieve the anticipated benefits thereof. Historically, our businesses have grown, in part, through selective acquisitions that enabled them to take advantage of existing networks, local service offerings and region-specific management expertise, and we have also taken advantage of attractive opportunities to sell select businesses. We expect to seek to continue improving our company through attractive acquisitions, dispositions, partnerships or other similar transactions in

selected markets, such as the SFR BeLux acquisition in June 2017, the De Vijver Media acquisition in June 2019, the UPC Austria disposition in July 2018 and the sales of the operations of UPC DTH and the Vodafone Disposal Group in May 2019 and July 2019, respectively, and the Sunrise Acquisition in November 2020. Our ability to complete any transaction may be limited by many factors, including government regulation, availability of financing, our or our counterparty's debt covenants, the prevalence of complex ownership structures among potential targets, acquirers, or partners, disapproval by shareholders of potential targets or acquirers, and competition from other potential acquirers, including private equity funds. Even if we are successful in completing such transactions, integration and separation activities may present significant costs and challenges. We cannot be assured that we will be successful with respect to acquisitions, dispositions, partnerships or other similar transactions or realizing the anticipated benefits thereof.

In addition, we anticipate that most, if not all, companies acquired by us will be located outside the U.S. Foreign companies may not have disclosure controls and procedures or internal controls over financial reporting that are as thorough or effective as those required by U.S. securities laws. While we intend to conduct appropriate due diligence and to implement appropriate controls and procedures as we integrate acquired companies, we may not be able to certify as to the effectiveness of these companies' disclosure controls and procedures or internal controls over financial reporting until we have fully integrated them.

We may have exposure to additional tax liabilities. We are subject to income taxes as well as non-income based taxes, such as value added tax (VAT) in the U.K., the U.S. and many other jurisdictions around the world. In addition, most tax jurisdictions that we operate in have complex and subjective rules regarding the valuation of intercompany services, cross-border payments between affiliated companies and the related effects on income tax, VAT and transfer tax. Significant judgment is required in determining our worldwide provision for income taxes and other tax liabilities. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. We are regularly under audit by tax authorities in many of the jurisdictions in which we operate. Although we believe that our tax estimates are reasonable, any material differences as a result of final determinations of tax audits or tax disputes could have an adverse effect on our financial position and results of operations in the period or periods for which determination is made.

We are subject to changing tax laws, treaties and regulations in and between countries in which we operate, including treaties between and among the U.K., the U.S. and many other jurisdictions in which we have a presence. Also, various income tax proposals in the jurisdictions in which we operate could result in changes to the existing laws on which our deferred taxes are calculated. A change in these tax laws, treaties or regulations, or in the interpretation thereof, could result in a materially higher income or non-income tax expense, and any such material changes could cause a material change in our effective tax rate. In this regard, there have been significant changes or proposed changes to the tax laws in numerous jurisdictions in which we operate, the impacts of which have been reflected accordingly in our financial statements.

Further changes in the tax laws of the foreign jurisdictions in which we operate could arise as a result of the base erosion and profit shifting project that has been undertaken by the OECD or the European Commission Anti-Tax Avoidance Package. The OECD, which represents a coalition of member countries that encompass most of the jurisdictions in which we operate, and the European Commission have undertaken studies and are publishing action plans that include recommendations aimed at addressing what they believe are issues within tax systems that may lead to tax avoidance by companies. It is possible that jurisdictions in which we do business could react to these initiatives or their own concerns by enacting tax legislation that could adversely affect us or our shareholders through increasing our tax liabilities.

Factors Relating to Certain Financial Matters

Our substantial leverage could limit our ability to obtain additional financing and have other adverse effects. We seek to maintain our debt at levels that provide for attractive equity returns without assuming undue risk. In this regard, we generally seek to cause our operating subsidiaries to maintain their debt at levels that result in a consolidated debt balance that is between four and five times our consolidated Adjusted EBITDA. As a result, we are highly leveraged. At December 31, 2020, the outstanding principal amount of our consolidated debt, together with our lease obligations, aggregated \$16.6 billion, including \$1.5 billion that is classified as current in our consolidated statement of financial position and \$14.3 billion that is not due until 2026 or thereafter. All of our consolidated debt and lease obligations have been borrowed or incurred by our subsidiaries at December 31, 2020. We believe that 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 that we will seek to refinance or otherwise extend our debt maturities. In this regard, we completed refinancing transactions during 2020 that, among other things, resulted in the extension of certain of our subsidiaries' 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, sovereign debt concerns or any adverse regulatory developments could impact the credit and equity markets we access and, accordingly, our future liquidity and financial position.

Our ability to service or refinance our debt and to maintain compliance with the leverage covenants in the credit agreements and indentures of our borrowing groups is dependent primarily on our ability to maintain or increase the Adjusted EBITDA of our operating subsidiaries 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 various debt instruments of our borrowing groups. For example, if the Adjusted EBITDA of one of our borrowing groups were to decline, our ability to obtain additional debt could be limited. Accordingly, if our cash provided by operations declines or we encounter other material liquidity requirements, we may be required to seek additional debt or equity financing in order to meet our debt obligations and other liquidity requirements as they come due. In addition, our current debt levels may limit our ability to incur additional debt financing to fund working capital needs, acquisitions, property and equipment additions, or other general corporate requirements. We can give no assurance that any additional debt or equity financing will be available on terms that are as favorable as the terms of our existing debt or at all. Further, our board of directors has approved share repurchase programs for Liberty Global. Any cash used by our company in connection with any future purchases of our ordinary shares would not be available for other purposes, including the repayment of debt. For additional information concerning our share repurchase programs, see note 12 to the Consolidated Financial Statements.

Certain of our subsidiaries are subject to various debt instruments that contain restrictions on how we finance our operations and operate our businesses, which could impede our ability to engage in beneficial transactions. Certain of our subsidiaries are subject to significant financial and operating restrictions contained in outstanding credit agreements, indentures and similar instruments of indebtedness. These restrictions will affect, and in some cases significantly limit or prohibit, among other things, the ability of those subsidiaries to:

- incur or guarantee additional indebtedness;
- pay dividends or make other upstream distributions;
- make investments;
- transfer, sell or dispose of certain assets, including subsidiary stock;
- merge or consolidate with other entities;
- engage in transactions with us or other affiliates; or
- create liens on their assets.

As a result of restrictions contained in these debt instruments, the companies party thereto, and their subsidiaries, could be unable to obtain additional capital in the future to:

- fund property and equipment additions or acquisitions that could improve their value;
- meet their loan and capital commitments to their business affiliates;
- invest in companies in which they would otherwise invest;
- fund any operating losses or future development of their business affiliates;
- obtain lower borrowing costs that are available from secured lenders or engage in advantageous transactions that monetize their assets; or
- conduct other necessary or prudent corporate activities.

In addition, most of the credit agreements to which these subsidiaries are parties include financial covenants that require them, in certain circumstances, to maintain certain leverage ratios if the drawings under the applicable revolving credit facility exceed a certain percentage of the commitments under such revolving credit facility. Their ability to meet these financial covenants may be affected by adverse economic, competitive, or regulatory developments and other events beyond their control, and we cannot assure you that these financial covenants will be met. In the event of a default under such subsidiaries' credit agreements or indentures, the lenders may accelerate the maturity of the indebtedness under those agreements or indentures, which could result in a default under other outstanding credit facilities or indentures. We cannot assure you that any of these subsidiaries will have sufficient assets to pay indebtedness outstanding under their credit agreements and indentures. Any refinancing of this indebtedness is likely to contain similar restrictive covenants.

We are exposed to interest rate risks. Shifts in such rates may adversely affect the debt service obligation of our subsidiaries. We are exposed to the risk of fluctuations in interest rates, primarily through the credit facilities of certain of our subsidiaries, which are indexed to EURIBOR, LIBOR or other base rates. Although we enter into various derivative transactions to manage exposure to movements in interest rates, there can be no assurance that we will be able to continue to do so at a reasonable cost or at all. If we are unable to effectively manage our interest rate exposure through derivative transactions, any increase in market interest rates would increase our interest rate exposure and debt service obligations, which would exacerbate the risks associated with our leveraged capital structure.

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. In November 2020, ICE Benchmark administration (the entity that administers LIBOR) announced its intention to continue publishing USD LIBOR rates until June 30, 2023, with the exception of the one-week and two-month rates which, along with all GBP LIBOR rates, it intends to cease publishing after December 31, 2021. While this extension allows additional runway on existing contracts using USD LIBOR rates, companies are still encouraged to transition away from using USD LIBOR as soon as practicable and should not enter into new contracts that use USD LIBOR after 2021. The methodology for EURIBOR has been reformed and EURIBOR has been granted regulatory approval to continue to be used. 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.

In October 2020, the International Swaps and Derivatives Association (the ISDA) launched a new supplement (the Fallback Supplement), which effective January 25, 2021, will amend the standard definitions for interest rate derivatives to incorporate fallbacks for derivatives linked to certain key interbank offered rates (IBORs). The ISDA also launched a new protocol (the Fallback Protocol), also effective January 25, 2021, that will enable market participants to incorporate these revisions into their legacy non-cleared derivatives with other counterparties that choose to adhere to the protocol. The fallbacks for a particular currency will apply following a permanent cessation of the IBOR in that currency and will be adjusted versions of the risk-free rates identified in each currency. 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.

We are subject to increasing operating costs and inflation risks, which may adversely affect our results of operations. While our operations attempt to increase our subscription rates to offset increases in programming and operating costs, there is no assurance that they will be able to do so. In certain countries in which we operate, our ability to increase subscription rates is subject to regulatory controls. Also, our ability to increase subscription rates may be constrained by competitive pressures. Therefore, operating costs may rise faster than associated revenue, resulting in a material negative impact on our cash flow and net profit or loss. We are also impacted by inflationary increases in salaries, wages, benefits and other administrative costs in certain of our markets.

Continuing uncertainties and challenging conditions in the global economy and in the countries in which we operate may adversely impact our business, financial condition and results of operations. The current macroeconomic environment is highly volatile, and continuing instability in global markets, including ongoing trade negotiations, the risk of deflation and the stability of the British pound sterling and the euro, has contributed to a challenging global economic environment. Future developments are dependent upon a number of political and economic factors, including the effectiveness of measures by the E.U. Commission to address debt burdens of certain countries in Europe and low growth expectations. As a result, we cannot predict how long challenging conditions will exist or the extent to which the markets in which we operate may deteriorate. Additional risks arising from the ongoing economic challenges in Europe are described below under the Risk Factor titled: *We are exposed to sovereign debt and currency instability risks that could have an adverse impact on our liquidity, financial condition and cash flows.*

Unfavorable economic conditions may impact a significant number of our subscribers and/or the prices we are able to charge for our products and services, and, as a result, it may be (1) more difficult for us to attract new subscribers, (2) more likely that subscribers will downgrade or disconnect their services and (3) more difficult for us to maintain ARPU at existing

levels. Countries may also seek new or increased revenue sources due to fiscal deficits. Such actions may further adversely affect our company. Accordingly, our ability to increase, or, in certain cases, maintain, the revenue, ARPUs, RGUs, mobile subscribers, Adjusted EBITDA, Adjusted EBITDA margins and liquidity of our operating segments could be adversely affected if the macroeconomic environment remains uncertain or declines further. We are currently unable to predict the extent of any of these potential adverse effects.

We are exposed to sovereign debt and currency instability risks that could have an adverse impact on our liquidity, financial condition and cash flows. Our operations are subject to macroeconomic and political risks that are outside of our control. For example, high levels of sovereign debt in the U.S. and several countries in which we or our affiliates operate, combined with weak growth and high unemployment, could potentially lead to fiscal reforms (including austerity measures), tax increases, sovereign debt restructurings, currency instability, increased counterparty credit risk, high levels of volatility and disruptions in the credit and equity markets, as well as other outcomes that might adversely impact our company. With regard to currency instability issues, concerns exist in the eurozone with respect to individual macro-fundamentals on a country-by-country basis, as well as with respect to the overall stability of the European monetary union and the suitability of a single currency to appropriately deal with specific fiscal management and sovereign debt issues in individual eurozone countries. The realization of these concerns could lead to the exit of one or more countries from the European monetary union and the re-introduction of individual currencies in these countries, or, in more extreme circumstances, the possible dissolution of the European monetary union entirely, which could result in the redenomination of a portion or, in the extreme case, all of our euro-denominated assets, liabilities and cash flows to the new currency of the country in which they originated. This could result in a mismatch in the currencies of our assets, liabilities and cash flows. Any such mismatch, together with the capital market disruption that would likely accompany any such redenomination event, could have a material adverse impact on our liquidity and financial condition. Furthermore, any redenomination event would likely be accompanied by significant economic dislocation, particularly within the eurozone countries, which in turn could have an adverse impact on demand for our products and services, and accordingly, on our revenue and cash flows. Moreover, any changes from euro to non-euro currencies within the countries in which we operate would require us to modify our billing and other financial systems. No assurance can be given that any required modifications could be made within a time frame that would allow us to timely bill our customers or prepare and file required financial reports. In light of the significant exposure that we have to the euro through our euro-denominated borrowings, derivative instruments, cash balances and cash flows, a redenomination event could have a material adverse impact on our company.

We may not freely access the cash of our operating companies. Our operations are conducted through our subsidiaries. Our current sources of corporate liquidity include (i) our cash and cash equivalents and (ii) interest and dividend income received on our cash and cash equivalents and investments. From time to time, we also receive (a) proceeds in the form of distributions or loan repayments from our subsidiaries or affiliates, (b) proceeds upon the disposition of investments and other assets and (c) proceeds in connection with the incurrence of debt or the issuance of equity securities. The ability of our operating subsidiaries to pay dividends or to make other payments or advances to us depends on their individual operating results and any statutory, regulatory or contractual restrictions to which they may be or may become subject and in some cases our receipt of such payments or advances may be limited due to tax considerations or the presence of noncontrolling interests. Most of our operating subsidiaries are subject to credit agreements or indentures that restrict sales of assets and prohibit or limit the payment of dividends or the making of distributions, loans or advances to shareholders and partners, including us. In addition, because these subsidiaries are separate and distinct legal entities they have no obligation to provide us funds for payment obligations, whether by dividends, distributions, loans or other payments.

We are exposed to the risk of default by the counterparties to our cash investments, derivative and other financial instruments, and undrawn debt facilities. Although we seek to manage the credit risks associated with our cash investments, derivative and other financial instruments, and undrawn debt facilities, we are exposed to the risk that our counterparties will default on their obligations to us. While we regularly review our credit exposures and currently have no specific concerns about the creditworthiness of any counterparty for which we have material credit risk exposures, we cannot rule out the possibility that one or more of our counterparties could fail or otherwise be unable to meet its obligations to us. Any such instance of default or failure could have an adverse effect on our cash flows, results of operations, financial condition and/or liquidity. In this regard, (i) we may incur losses to the extent that we are unable to recover debts owed to us, including cash deposited and the value of financial losses, (ii) we may incur significant costs to recover amounts owed to us, and such recovery may take a long period of time or may not be possible at all, (iii) our derivative liabilities may be accelerated by the default of our counterparty, (iv) we may be exposed to financial risks as a result of the termination of affected derivative contracts, and it may be costly or impossible to replace such contracts or otherwise mitigate such risks, (v) amounts available under committed credit facilities may be reduced and (vi) disruption to the credit markets could adversely impact our ability to access debt financing on favorable terms, or at all.

At December 31, 2020, our exposure to counterparty credit risk included (i) derivative assets with an aggregate fair value of \$83.2 million, (ii) cash and cash equivalent and restricted cash balances of \$4,717.3 million and (iii) aggregate undrawn debt

facilities of \$1,554.5 million. For additional information on our derivative contracts, see note 8 to the Consolidated Financial Statements.

Our interest in the VodafoneZiggo JV is held pursuant to a Shareholders Agreement that contains provisions relating to governance as well as transfer and exit rights, which, depending on the circumstances, may not be in the best interest of our company. Our non-controlling interest in the VodafoneZiggo JV is held pursuant to a shareholders' agreement (the **Shareholders Agreement**), which provides the terms of the governance of the VodafoneZiggo JV, including among others, decision-making process, information access, dividend policy and non-compete provisions. These provisions may prevent the VodafoneZiggo JV from making decisions or taking actions that would protect or advance the interests of our company, and could even result in the VodafoneZiggo JV making decisions or taking actions that adversely impact our company. Further, our ability to access the cash of the VodafoneZiggo JV pursuant to the dividend policy contained in the Shareholders Agreement may be restricted in certain circumstances. The Shareholders Agreement also provides for restrictions on the transfer of interests in the VodafoneZiggo JV, which could adversely affect our ability to sell our interest in the VodafoneZiggo JV and/or the prices at which our interest may be sold, as well as certain exit arrangements, which could force us to sell our interest. For additional information on the VodafoneZiggo JV and the Shareholders Agreement, see note 7 to the Consolidated Financial Statements.

We may not report net profit. We reported losses from continuing operations of \$1,536.0 million and \$1,463.5 million during 2020 and 2019, respectively. In light of our historical financial performance, we cannot assure you that we will report net profit in the near future.

Other Factors

We have not historically paid any cash dividends, and we may not pay dividends equally or at all on any class of our ordinary shares. We do not presently intend to pay cash dividends on any class of our ordinary shares for the foreseeable future. However, we have the right to pay dividends, effect securities distributions or make bonus issues on Liberty Global ordinary shares. In addition, any dividends or distributions on, or repurchases of Liberty Global ordinary shares will reduce our "distributable reserves" (defined as our accumulated, realized profits less accumulated, realized losses, as measured for U.K. statutory purposes) legally available to be paid as dividends by our company under English law on any of our ordinary shares.

Our share price may change significantly, and you may not be able to resell our ordinary shares at or above the price you paid or at all, and you could lose all or part of your investment as a result. In addition to the factors discussed in this annual report, the trading price of each class of our ordinary shares may fluctuate significantly in response to numerous factors, many of which are beyond our control, including:

- actual or anticipated fluctuations in our revenue and other operating results;
- actual operating or financial results that vary from our guidance or the expectations of securities analysts and investors;
- changes in expectations as to our future financial performance, including financial estimates by securities analysts and investors;
- actual or anticipated future sales of our ordinary shares by us, our senior management or our other existing shareholders;
- investor sentiment with respect to our competitors, our business partners, and our industry in general;
- announcements by us or our competitors of significant services or features, technical innovations, acquisitions, strategic partnerships, joint ventures, or capital commitments;
- changes in operating performance and stock market valuations of companies in our industry, including our competitors;
- price and volume fluctuations in the overall stock market, including as a result of trends in the economy as a whole;
- media coverage of our business and financial performance; and
- general domestic and international economic and political conditions.

The stock market has recently experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. In particular, price and volume fluctuations in the stock market as a

whole may affect the market price of our ordinary shares in ways that may be unrelated or disproportionate to our operating performance. These broad market and industry fluctuations may adversely affect the trading price of our ordinary shares, regardless of our actual operating performance.

Securities class action litigation has often been instituted against companies following periods of volatility in the overall market and in the market price of a company's securities. Such litigation, if instituted against us, could result in substantial costs, divert our management's attention and resources and have an adverse effect on our business, results of operations and financial condition.

The loss of certain key personnel could harm our business. We have experienced employees at both the corporate and operational levels who possess substantial knowledge of our business and operations. We cannot assure you that we will be successful in retaining their services or that we would be successful in hiring and training suitable replacements without undue costs or delays. As a result, the loss of any of these key employees could cause significant disruptions in our business operations, which could materially adversely affect our results of operations.

John C. Malone has significant voting power with respect to corporate matters considered by our shareholders. John C. Malone beneficially owns outstanding ordinary shares of Liberty Global representing 30.15% of our aggregate voting power as of February 7, 2021. By virtue of Mr. Malone's voting power in our company, as well as his position as Chairman of our board of directors, Mr. Malone may have significant influence over the outcome of any corporate transaction or other matters submitted to our shareholders for approval. For example, under English law and our articles of association, certain matters (including amendments to the articles of association) require the approval of 75% of the shareholders who vote (in person or by proxy) on the relevant resolution, and other certain corporate transactions or matters may require the approval of at least 75% of the outstanding shares of each class of our ordinary shares. Because Mr. Malone beneficially owns approximately 30.15% of our aggregate voting power and almost 70% of the outstanding Class B ordinary shares of Liberty Global, he has the ability to prevent the requisite approval threshold from being met even though the other shareholders may determine that such action or transaction is beneficial for the company. Mr. Malone's rights to vote or dispose of his equity interests in our company are not subject to any restrictions in favor of us other than as may be required by applicable law and except for customary transfer restrictions pursuant to equity award agreements.

It may be difficult for a third-party to acquire us, even if doing so may be beneficial to our shareholders. Certain provisions of our articles of association and of English law may discourage, delay, or prevent a change in control of our company that a shareholder may consider favorable. These provisions include the following:

- authorizing a capital structure with multiple classes of ordinary shares; a Class B that entitles the holders to 10 votes per share; a Class A that entitles the holders to one vote per share; and a Class C that, except as otherwise required by applicable law, entitles the holders to no voting rights;
- authorizing the issuance of "blank check" shares (both ordinary and preference), which could be issued by our board of directors to increase the number of outstanding shares and thwart a takeover attempt;
- classifying our board of directors with staggered three-year terms, which may lengthen the time required to gain control of our board of directors, although under English law, shareholders of our company can remove a director without cause by ordinary resolution;
- prohibiting shareholder action by written resolution, thereby requiring all shareholder actions to be taken at a meeting of the shareholders;
- requiring the approval of 75% in value of the shareholders (or class of shareholders) and/or English court approval for certain statutory mergers or schemes of arrangements; and
- establishing advance notice requirements for nominations of candidates for election to our board of directors or for proposing matters that can be acted upon by shareholders at shareholder meetings.

Change in control provisions in our incentive plans and related award agreements or in executive employment agreements may also discourage, delay, or prevent a change in control of our company, even if such change of control would be in the best interests of our shareholders.

The enforcement of civil liabilities against us may be more difficult. Because we are a public limited company incorporated under the laws of England and Wales, investors could experience more difficulty enforcing judgments obtained against us in U.S. courts than would currently be the case for U.S. judgments obtained against a U.S. company. It may also be more difficult (or impossible) to bring some types of claims against us in courts sitting in England than it would be to bring similar claims against a U.S. company in a U.S. court. In particular, English law significantly limits the circumstances under which shareholders of English companies may bring derivative actions. Under English law generally, only the company can be the proper plaintiff in proceedings in respect of wrongful acts committed against us. Our articles of association provide for the exclusive jurisdiction of the English courts for shareholder lawsuits against us or our directors.

We are exposed to the risks arising from widespread epidemic diseases in the countries in which we operate, such as the outbreak of COVID-19, which could have a material adverse impact on our business, financial condition and results of operations. In March 2020, the World Health Organization declared the outbreak of a novel strain of coronavirus (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, the repurchase of equity securities 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, (v) the ability of our suppliers and vendors to provide products and services to us and (vi) our share price. 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, countries 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.

The Group Strategic Report was approved by our board of directors and was signed on its behalf on April 30, 2021 by:

/s/ Bryan H. Hall

Bryan H. Hall

Executive Vice President, General Counsel
and Secretary

Company registered number: **8379990**

GROUP DIRECTORS' REPORT

Political Donations

We did not make any political contributions during 2020. Our code of business conduct prohibits the use of company funds and assets for political contributions to political parties, political party officials and candidates for office, unless approved by our general counsel. Additionally, our charitable giving programs available to employees prohibit political contributions by our company.

Dividends

We have not paid any cash dividends on our ordinary shares, and we have no present intention of so doing. Payment of cash dividends, if any, in the future will be determined by our board of directors in light of our earnings, financial condition and other relevant considerations, including applicable laws in England and Wales. Except as noted below, there are currently no contractual restrictions on our ability to pay dividends in cash or shares. The credit facilities to which certain of our subsidiaries are parties restrict our ability to access their cash for, among other things, our payment of cash dividends.

Share Repurchases

The following table provides details of our share repurchases:

	Class A ordinary shares		Class C ordinary shares		Aggregate purchase price (a)
	Number of shares	Average price paid per share (a)	Number of shares	Average price paid per share (a)	
					in millions
2020.....	1,309,000	\$ 22.38	54,473,323	\$ 19.15	\$ 1,072.3
2019 (b).....	24,348,562	\$ 27.61	95,395,291	\$ 26.64	\$ 3,220.2

- (a) Includes direct acquisition costs and the effects of derivative instruments, where applicable.
- (b) Includes repurchases made pursuant to modified Dutch auction cash tenders, comprising 24,002,262 shares of our class A ordinary shares at a per share price of \$27.50 and 75,420,009 shares of our class C ordinary shares at a price per share of \$27.00, for an aggregate purchase price of \$2.7 billion, including direct acquisition costs.

Payment to Creditors - Policy and Practice

We follow the requirements of our vendors for payment, which normally requires payment within 30 to 90 days. We also owe amounts pursuant to interest-bearing vendor financing arrangements that are generally due within one year.

Corporate Responsibility

The internet is one of the most powerful tools ever invented but it's what you do with it that counts. That's why we are focused on the positive potential of connectivity, digital entertainment and technology. It's where we invest, innovate and help to empower people to make the most of the digital revolution.

Our goal will always be to take people further, supporting and inspiring digital imagination by encouraging everyone to be more informed and more ambitious. We equip people with the digital skills needed for the future. We support and invest in original thinkers with their bright new business ideas. We also champion the power of digital technology to bring people together to find collective solutions to the most pressing challenges that impact society.

Connectivity is essential for today's economies, communities and people's everyday lives. This creates an important responsibility to make sure that digital technology works in everyone's best interests. It is our responsibility to deliver outstanding service, protect children while online and watching TV and protect our customers' privacy, as well as to ensure that as the bandwidth we provide grows that our impact on the planet does not.

Everything we do is underpinned by our belief in the liberating potential of technology. We will use it to help people be at their best, to be a business that everyone can trust, to fuel imagination and to empower all of us to realize our full potential.

Our Approach

Our Corporate Responsibility (**CR**) approach is focused on addressing the most significant impacts of our business as they affect our stakeholders and society in general, as well as our business strategy and the feedback we receive from our stakeholders. We believe this approach provides an opportunity for us to strengthen our company and positively contribute to advancing the communities in which we operate.

During 2019 and 2020, we conducted a new materiality study to ensure our strategic direction continued to reflect the changing interests and expectations of our business leaders and stakeholders. We consulted stakeholders including customers, employees, investors, policy makers, suppliers, industry associations and non-governmental organizations (**NGOs**) to understand their priorities and expectations.

To do this, we conducted an analysis of factors that affect our material impacts including:

- Material priorities generated through engagement with local stakeholders in our operating companies: Virgin Media, UPC, Telenet and VodafoneZiggo;
- A peer review of leading telecommunications companies and the issues they present as material for their businesses and associated social impacts;
- General priorities defined by sustainability frameworks, such as the Global Reporting Initiative (**GRI**) and the Sustainability Accounting Standards Board (**SASB**);
- Material issues identified by Environmental, Social, and Corporate Governance (**ESG**) ratings and standards Global E-Sustainability Initiative (**GeSI**) materiality report; and
- Identification of our business impact on society with a cross functional team of experts in our operations.

Further details are available at www.libertyglobal.com/responsibility/connected-purpose.

This analysis confirmed that most of the material topics identified in previous materiality studies continue to be the most relevant for our business, our industry and our stakeholders. These topics are a key focus of our CR framework and strategy, as well as our sustainability reporting to stakeholders. These are:

- Business ethics;
- Protection of privacy and data security;
- Talent attraction and development;
- Improving energy efficiency;
- Diversity and inclusion;
- Labor practices and human rights;
- Environmental product sustainability;
- Electronic waste reduction;
- Customer health and safety;
- Greenhouse gas (**GHG**) emissions;
- Social product sustainability;

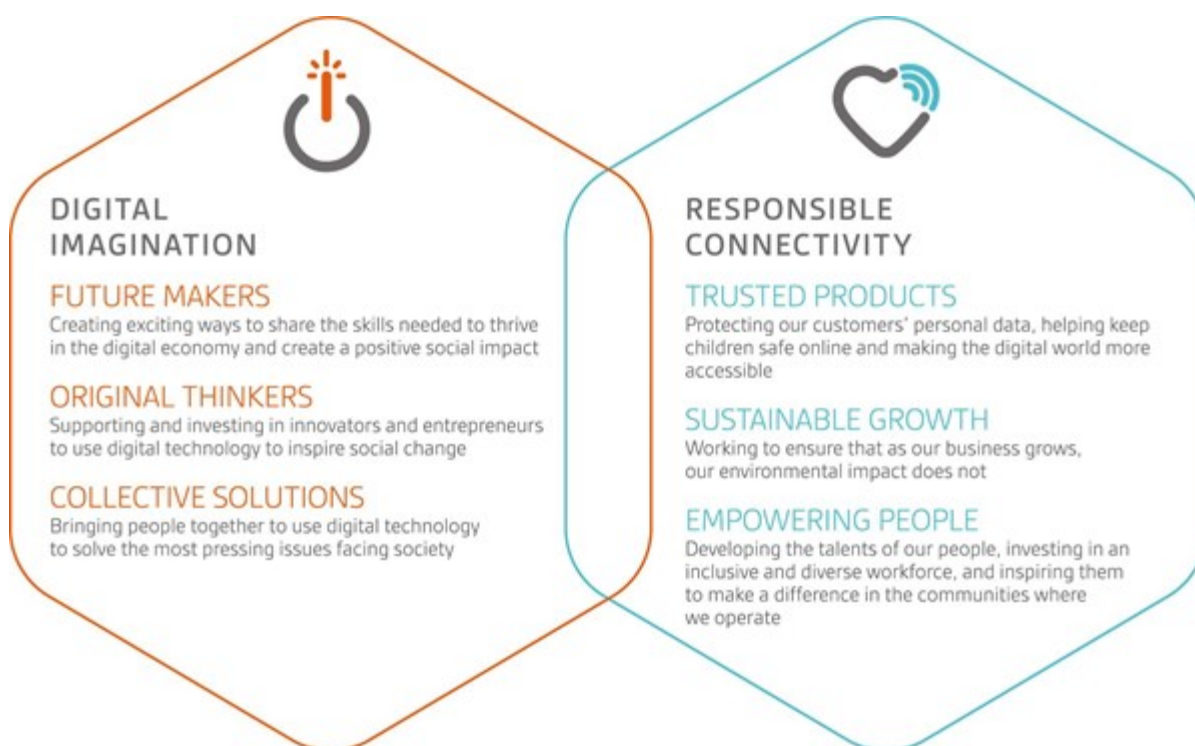
- Supply chain risk management; and
- Media responsibility.

These material issues have been grouped into two key pillars, as laid out in our CR Framework:

- Digital imagination; and
- Responsible connectivity.

Further details are available at www.libertyglobal.com/responsibility/reporting-and-performance.

Our Corporate Responsibility Framework



Community Investments

We measure the impact of our community investment programs using the globally recognized London Benchmarking Group model. This methodology records the inputs, outputs and positive community impacts of our investments in cash, time and in-kind contributions.

During 2020, our total community contribution was \$14.9 million, of which \$9.7 million was in the form of cash donations. These figures cover our corporate organization and all of our operations across Europe.

Sustainable Growth

We are working to ensure that as our business grows, our environmental impact does not. Our biggest source of carbon emissions is the energy that powers our networks; therefore, we are focused on deploying solutions that drive down energy use, from our cable head-ends, hubs, data centers and street cabinets to the equipment in our customers' homes. At the same time, we are innovating through new technologies and operational best practices to conserve energy across our markets and procuring renewable energy in order to reduce our carbon emissions.

Our global environmental statement, published in 2014 and revisited in 2018 and 2019, sets out our commitment to enhancing the energy efficiency of our operations, with a focus on energy use, carbon emissions and the management of electronic waste. Our corporate goal is to improve energy efficiency by 15% every year using our 2012 emissions as our base year.

Meanwhile, we have Science Based Targets, approved by the Science Based Targets initiative (SBTi), which enable us to drive efficiencies through to 2030 and beyond. During 2020, our energy consumption declined by 1% compared to 2019. Our total scope 1 & 2 location-based emissions fell by 4%, and our total scope 1 & 2 market-based emissions fell by 2%, which takes into account the GHG intensity of the electricity we source. We also improved our overall energy efficiency by 44% during 2020.

During 2020, the COVID-19 pandemic had a meaningful impact across the world and on our business in areas such as business travel, which was at an all-time low, and online traffic and data usage. Due to worldwide lockdowns, online activities amongst our customers surged, resulting in increased demand for data usage on our networks driven by the increase in online schooling, home entertainment, video messaging and other online activities.

Further details on Liberty Global's environmental statement and performance are available at www.libertyglobal.com/responsibility/reporting-and-performance.

Energy Consumption

	Gigawatt-hours				
	Year ended December 31,				
	2020	2019	2018	2017	2012 (base year)
Non-renewable fuel					
Diesel.....	75.04	85.61	99.25	92.17	38.15
Petrol.....	7.18	8.37	6.93	6.17	10.51
Natural Gas.....	20.98	22.46	22.65	25.84	31.36
Burning oil.....	—	—	—	0.02	0.02
Gas Oil.....	2.88	0.94	1.51	1.51	2.03
Fuel Oil.....	0.23	0.32	0.37	0.31	2.67
Aviation fuel.....	4.41	4.35	6.09	9.47	12.70
CNG.....	—	0.01	0.01	0.01	—
Total.....	110.72	122.06	136.81	135.50	97.44
Electricity, heating & cooling					
Electricity.....	818.02	820.41	846.98	862.97	820.13
Heating & cooling.....	1.64	1.08	1.29	1.41	—
Electricity sold (from onsite renewables).....	(0.06)	(0.06)	(0.01)	(0.01)	(0.01)
Total energy consumption (a).....	930.32 *	943.49	985.07	999.87	917.56

(a) Represents the total energy consumption within our direct operational control from non-renewable fuel and electricity, heating and cooling, minus electricity sold.

(*) Within KPMG LLP's independent limited assurance scope. Please see below for further information.

GHG Emissions

In line with the GHG Protocol, our GHG emissions are calculated in carbon dioxide equivalent (**CO₂e**) using the most relevant emission conversion factors according to the countries in which we operate. CO₂e is the standard unit in carbon accounting to quantify GHG emissions.

	Metric tons of CO ₂ e				
	2020	2019	2018	2017	2012 (base year)
Scope 1 (Direct) (i)	47,000 *	48,000	55,400	52,200	58,300
Scope 2 emissions market-based (Indirect)	38,300 *	39,400	38,400	192,100	342,500
Scope 2 emissions location-based (Indirect)	199,100 *	207,700	227,500	268,500	321,500
Total Scope 1 & 2 market-based emissions	85,300	87,400	93,800	244,300	400,800
Total Scope 1 & 2 location-based emissions	246,100	255,700	282,900	320,700	379,800
Total market-based emissions per terabyte (TB) of data usage (a)	0.002 *	0.003	0.004	0.013	0.153
Scope 3 emissions (Indirect) (b)(i)(ii)	23,400 *	41,900	46,100	49,800	14,700
Total Scope 1, 2 & 3 market-based emissions	108,700	129,300	139,900	294,100	415,500
Total Scope 1, 2 & 3 location-based emissions	269,500	297,600	329,000	370,500	394,500
Carbon credits	(8,500)	(8,600)	(8,600)	(8,500)	—

(i) During 2020, certain activities that were previously performed by external partners in the U.K. were completed by Liberty Global employees, resulting in an increase in our scope 1 emissions and a corresponding decrease in our scope 3 emissions.

(ii) During 2020, we updated our Scope 3 emissions based on more accurate data provided by our waste management supplier, resulting in a 5% decrease in total Scope 1, 2 & 3 location-based emissions for 2019.

(a) In order to provide a meaningful target to measure our energy usage against our business operations, we measure our Scope 1 and 2 market-based GHG emissions per terabyte of data traffic generated as we run our networks and our customers use our services. This calculation reflects internet protocol (**IP**) based data traffic from fixed broadband services, such as web browsing, IP streaming voice and video services, from all of our market operations that we can reliably measure. In 2020, approximately 60% of our total revenue was IP based. For more information, please see our full 'Environmental Reporting Criteria' at www.libertyglobal.com/responsibility/reporting-and-performance.

(b) Our Scope 3 indirect emissions include business air and land travel (including the use of employee-owned vehicles for business purposes, flights taken by employees, travel in rental cars, taxis and public transportation); emissions arising from water consumption, waste management (which includes the impact of recycling customer premises equipment) and travel by our third-party logistics, service and installation vehicles. Beginning in 2014, we broadened our Scope 3 emissions reporting to include travel by third-party logistics, service and installation vehicles. This data was excluded in our 2013 and 2012 reporting. Beginning in 2017, we included emissions from travel by third-party 'network expansion' vehicles at Virgin Media in the U.K. and all other country operations since 2019.

(*) Within KPMG LLP's independent limited assurance scope. Please see below for further information.

Environmental reporting criteria

The environmental reporting criteria sets out the reporting criteria for our 2020 Energy Consumption and GHG emissions statements as published in this report and in our Corporate Responsibility Report for year ended December 31, 2020. For more information, please see our full 'Environmental Reporting Criteria' at <https://www.libertyglobal.com/responsibility/reporting-and-performance>.

Liberty Global's reported environmental data follows the World Resources Institute and World Business Council on Sustainable Development's GHG Protocol Corporate Standard using the operational control approach. This covers our European operations under the consumer brands Virgin Media, Telenet and UPC. We have reported 100% of the emissions

from Telenet, in which we had an ownership interest of 60.7%, as of December 31, 2020. Emissions from businesses in which we have non-controlling equity stakes are not included within our reported figures.

In addition, we once again took part in the Carbon Disclosure Project (CDP), reporting our approach to governance, risk management and stakeholder engagement on climate-related issues. Liberty Global was awarded leadership status, scoring an A- rating by CDP in 2020.

Reporting period and comparative data, including acquisitions and disposals

All data in this annual report covers the period January 1 to December 31, 2020, unless otherwise stated.

In regards to acquisitions and disposals, our policy is to (i) include any new subsidiaries that have been acquired in the first six months of the reporting period and (ii) exclude any subsidiaries where we no longer have operational control during the reporting period, respectively. During 2020, we made no adjustments for acquisitions or disposals.

For comparative purposes, and to create new base-year values for our environmental targets, we have made adjustments to our environmental results to (i) include representative pre-acquisition results for certain acquisitions and (ii) exclude the results of certain entities that have been disposed.

For more information, please see our full 'Environmental Reporting Criteria' at <https://www.libertyglobal.com/responsibility/reporting-and-performance>.

External assurance

We engaged KPMG LLP to undertake independent limited assurance, reporting to Liberty Global, using the assurance standards ISAE (U.K.) 3000 and ISAE 3410, for the selected energy consumption and GHG emissions that have been highlighted above with an *. KPMG LLP's full statement is available on our website at www.libertyglobal.com/responsibility/reporting-and-performance. KPMG LLP has provided an unqualified opinion over this selected data.

The level of assurance provided for a limited assurance engagement is substantially lower than a reasonable assurance engagement. In order to reach their opinion, KPMG LLP performed a range of procedures, which included interviews with management, examination of reporting systems, online meetings with each of our operating companies, as well as specific data testing with our corporate offices. A summary of the work that they performed is included within their assurance opinion. Non-financial performance information, GHG quantification in particular, is subject to more inherent limitations than financial information. It is important to read the GHG emissions information in the context of the full KPMG LLP limited assurance statement and our reporting criteria as set out in our 'Environmental Reporting Criteria' available at www.libertyglobal.com/responsibility/reporting-and-performance.

Qualifying Indemnity Provisions

Under our articles of association, subject to the provisions of the Companies Act 2006, we may, broadly, (i) indemnify to any extent any person who is or was a director, or a director of any associated company, directly or indirectly against any liability incurred by him or her whether in connection with negligence, default, breach of duty or breach of trust or otherwise by him or her in relation to Liberty Global or any associated company, or in connection with that company's activities as a trustee of an occupational pension scheme and (ii) purchase and maintain insurance for any person who is or was a director, or a director of an associated company, against any loss or liability or any expenditure he or she may incur, whether in connection with any proven or alleged negligence, default, breach of duty or breach of trust by him or her, in relation to Liberty Global or any associated company.

We enter into deeds of indemnity with directors, executive officers and certain other officers and employees (including directors, officers and employees of subsidiaries and other affiliates). These deeds of indemnity require that we indemnify such persons, to the fullest extent permitted by applicable law, against all losses suffered or incurred by them in the event that they are a party to or involved in any claim arising in connection with their appointment as director, officer, employee, agent or fiduciary of Liberty Global or another corporation at the request of Liberty Global.

Employees

The details of our full-time equivalent directors, senior managers and employees by gender as of December 31, 2020, are as follows:

Director (a):	
Male	9
Female	1
	<u>10</u>
Senior manager (a):	
Male	4
Employee (a):	
Male	15,800
Female	7,200
	<u>23,000</u>

- (a) Employees are included in each category, if applicable. Our senior manager group comprises our chief executive officer and our executive vice presidents.

Our employees' development, motivation, health and well-being are critical to our business. We aim to create a dynamic, talented workforce that reflects our diverse customers and a culture of innovation in which our 23,000 employees can grow and feel supported. At the heart of this commitment to our employees is 'The People Agenda,' Liberty Global's multi-year people strategy. The People Agenda sets forth our vision for developing and investing in our people across four key areas: Talent, Leadership, Reward and Culture. The People Agenda ensures our employees are supported in their careers, have the tools to work and develop and are engaged in our business, because engaged employees deliver superior business performance. Through the activities of The People Agenda, we aim to provide all our employees with the skills, opportunities, rewards and support they need to reach their full potential at all levels of the organization.

We have a range of employee development programs and provide graduate training and ongoing personal development programs, reflecting our commitment to employee development as a top priority. At Liberty Global, we encourage an inspiring and supportive culture that enables our employees to give their best. We strive to ensure that all of our employees are engaged, informed and aligned with our corporate development goals by communicating often with all employees through email, newsletters and employee meetings.

We give full and fair consideration to all applications for employment, including those from persons with disabilities where the requirements of the job can be adequately fulfilled by a person with disabilities. Where existing employees become disabled, to the extent practicable, we provide continuing employment under normal terms and conditions and provide training and career development and promotion as appropriate.

Directors of the Company during 2020

The following persons were directors of Liberty Global during the year ended December 31, 2020 and up to the date of issuance of this annual report. There were no changes in the directors' interests during 2020.

John C. Malone (Chairman)
Michael T. Fries (Vice Chairman)
Andrew J. Cole
Miranda Curtis
John W. Dick
Paul A. Gould
Richard R. Green
David E. Rapley
Larry E. Romrell
JC Sparkman (*)
J. David Wargo

(*) Served through July 16, 2020.

Information on the Board of Directors' stakeholder engagement and activities is detailed in the Section 172(1) Statement of our Strategic Report included earlier in this report.

Directors' Remuneration Report

Details of the directors' compensation (remuneration) and their interests in the shares of Liberty Global are set out in the Directors' Remuneration Report and sections of the 2020 proxy statement (including the Compensation Discussion and Analysis section). For additional information, see *Table of Contents*.

Disclosure of Information to the Auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which Liberty Global's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that Liberty Global's auditor is aware of that information.

Re-Appointment of the Auditor

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP (U.K.) as statutory auditor of the company has been proposed at the forthcoming annual general meeting.

The Group Directors' Report was approved by our board of directors and was signed on its behalf on April 30, 2021 by:

/s/ Bryan H. Hall

Bryan H. Hall

Executive Vice President, General Counsel
and Secretary

Company registered number: **8379990**

CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE 2020 U.K. COMPANIES ACT ANNUAL REPORT

The directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law, they are required to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law and have elected to prepare the parent Company financial statements in accordance with U.K. accounting standards and applicable law, including FRS 101 *Reduced Disclosure Framework*.

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- for the parent Company financial statements, state whether applicable U.K. accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the U.K. governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIBERTY GLOBAL PLC

1 Our opinion is unmodified

We have audited the financial statements of Liberty Global plc ("the Company") for the year ended December 31, 2020 which comprise the consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows, parent company statement of financial position, parent company statement of equity, and the related notes, including the accounting policies in note 2 in the consolidated financial statements and note 2 in the parent company financial statements.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at December 31, 2020 and of the Group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

Group: Capitalization of costs associated with construction and installation activities

Refer to page 80 (accounting policy)

The risk - Accounting treatment:

Certain internal and external labour and overhead costs incurred are capitalized as part of Property and equipment including Property and equipment classified as held for sale (\$7,943.4m (2019: \$12,869.4m)). These capitalized costs are associated with the capital projects undertaken by the group and involve estimation of the amount of time and costs that should be capitalised. The most significant risk is that the group may inappropriately capitalize construction and installation costs. The key risks in determining if construction and installation costs qualify for recognition as an asset, include whether the costs are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the group; it is probable that future economic benefits associated with the item will flow to the group, and if the cost can be measured reliably.

Our response

Our procedures included:

Control operations - We evaluated the design and implementation of key internal controls in place used for identifying which construction and installation costs should be capitalized, and tested their operating effectiveness.

Personnel interviews - We challenged the amount of internal costs capitalized during the year by comparing to budgets, interviewing department heads to determine the level of time individuals have spent on capital items, and analysed the changes to significant estimates utilized by the group to determine the amount of internal costs to be capitalized (if any), and other changes in the business with a potential impact on cost capitalization during the year.

Tests of details - For both internal and external costs capitalised we selected a sample of Property and equipment additions on costs capitalized and assessed the nature of the costs based on underlying internal and third party documentation thereby assessing the appropriateness of the group's cost capitalization conclusions.

Preliminary fair value measurement of the customer relationship intangible asset and property and equipment acquired in the Sunrise acquisition

Refer to page 80 (accounting policy) and page 90 (financial disclosures)

The risk – Fair Value Measurement:

The Company acquired Sunrise Communications AG (Sunrise) on November 11, 2020 for total consideration of \$5,427.8 million. Based on the preliminary estimated allocation of the purchase price, the acquisition resulted in the recognition of \$2,485.8 million of intangible assets subject to amortization, including a customer relationship intangible, and \$1,494.2 million of property and equipment. The purchase price allocated to the assets acquired and liabilities assumed, including the residual amount allocated to goodwill, is based on preliminary information, which is subject to change as additional information is obtained by the Company.

The valuation of these intangibles and property and equipment is subjective due to the inherent uncertainty involved in forecasting future cash flows and valuing assets. The key assumptions used in forecasts and valuations are revenue growth rates, the estimated customer attrition rate, the discount rate and the methodologies used to estimate the fair value of property and equipment. The effect of these matters is that, as part of our risk assessment, we determined that the valuation of acquisition intangibles has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole.

Our response

Our procedures included:

Control operations – we evaluated the design and implementation of key internal controls over the Company's preliminary fair value measurement process related to the acquisition and tested their operating effectiveness.

Tests of detail:

- We performed sensitivity analyses to assess the impact of possible changes to certain assumptions on the preliminary fair value measurement of the customer relationship intangible asset.
- We evaluated the revenue growth rates used by the Company to determine projected revenue by comparing them to historical average growth rates of Sunrise, and publicly available industry data.
- We assessed the customer attrition rate based on historical data of Sunrise and by comparing it to the historical attrition rate of Sunrise

Our valuation expertise: - Use of our own valuation specialists to assist in:

- Evaluating the methodologies employed to estimate the fair value of the customer relationship intangible asset and property and equipment based on information available as of December 31, 2020;
- Evaluating the discount rate by comparing it to an independently developed range using publicly available market data for comparable entities; and
- Developing an estimated range of fair values of the customer relationship acquired using the Company's cash flow assumptions and an independently developed range of discount rates, and comparing it to the Company's fair value estimate.

Parent Company: Recoverability of the Company's investments in subsidiaries
(\$45,525.3 million; 2019 \$43,610.1 million)

Refer to page 171 (accounting policy) and page 172 (financial disclosures)

The risk - low risk/high value:

The carrying amount of the Company's investments in subsidiaries (\$45.5 billion) represents 98.5% of the company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgment. However, due to their materiality in the context of the financial statements, this is considered to be the area that had the greatest effect on our overall audit of the parent company.

Our response

Our procedures included:

Tests of detail: We compared the carrying amount of material investments with the relevant subsidiaries' balance sheet to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount and assessing whether those subsidiaries have historically been profit-making.

Assessing subsidiary audits: We assessed the work performed by the subsidiary audit teams of those subsidiaries where audits are performed and considering the results of that work on those subsidiaries' profits and net assets.

3 Our application of materiality and an overview of the scope of our audit

Materiality for the group financial statements as a whole was set at \$90,000,000 (2019: \$57,500,000), determined with reference to a benchmark of revenue adjusted for discontinued operations of \$11,957.9m (of which it represents 0.75% (2019: 0.50%)). We consider revenue to be the most appropriate benchmark as it provides a more stable measure year on year than group profit before tax.

Materiality for the parent company financial statements as a whole was set at \$85,000,000 (2019: \$55,000,000), determined with reference to a benchmark of Company total assets, of which it represents 18% (2019: 12%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding \$4,500,000, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the group's 10 (2019: 12) reporting components, we subjected 6 (2019: 5) to full scope audits for group purposes and 2 (2019: 2) to specified risk-focused audit procedures. The latter were not individually financially significant enough to require a full scope audit for group purposes, but did present specific individual risks that needed to be addressed.

The components within the scope of our work accounted for the following percentages of the group's results:

2020 (2019)	Number of components	Group revenue	Group loss before tax	Total assets
Audits for group reporting purposes.....	6 (5)	92.7% (86%)	29% (84%)	74% (72%)
Specified risk-focused audit procedures.....	2 (2)	3.3% (3%)	71% (7%)	24% (20%)
Total.....	8 (7)	96% (89%)	100% (91%)	98% (92%)

The remaining 4% (2019: 11%) of total group revenue, 1% (2019: 25%) of group profit before tax and 2% (2019: 8%) of total group assets is represented by 2 (2019: 5) reporting components, none of which individually represented more than 4% (2019: 4%) of any of total group revenue, group profit before tax or total group assets. For the residual components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The Group team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group team approved the component materialities, which ranged from \$22.0m to \$41.0m (2019: \$27.5m to \$42.5m), having regard to the mix of size and risk profile of the Group across the

components. The work on 7 of the 8 components (2019: 6 of the 7 components) was performed by component auditors and the rest, including the audit of the parent company, was performed by the Group team.

Telephone conference meetings and virtual site visits, inclusive of file reviews, were held with component auditors throughout the audit in the United Kingdom, United States, Netherlands, Belgium and Switzerland. At these virtual meetings, the findings reported to the Group audit team were discussed in more detail, and any further work required by the Group audit team was then performed by the component auditor.

4 Going Concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or the Group or to cease their operations, and as they have concluded that the Company's and the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group/Company, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group and Company's available financial resources and/or metrics relevant to debt covenants over this period were:

- Ability to continue to perform and provide services under the lockdowns across Europe, as a result of the COVID-19 pandemic
- Current levels of debt driven by Vendor Financing arrangements

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by assessing the Directors' sensitivities over the level of available financial resources and covenant thresholds indicated by the Group and Company's financial forecasts taking account of severe, but plausible adverse effects that could arise from these risks individually and collectively.

We considered whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the Directors' assessment of going concern, including the identified risks and related sensitivities.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or Company's ability to continue as a going concern for the going concern period;
- we have nothing material to add or draw attention to in relation to the Directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for the going concern period, and we found the going concern disclosure in note 1 to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group/Company will continue in operation.

5 Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and management as to the Group and Company’s high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group channel for “whistleblowing”, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Reading Board minutes;
- Considering remuneration incentive schemes and performance targets for management/ directors;
- Using analytical procedures to identify any unusual or unexpected relationships;
- Using our own forensic specialists to assist us in identifying fraud risks based on discussions of the circumstances of the Group

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the group to component audit teams of relevant fraud risks identified at the Group level and request to component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at group.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls, in particular the risk that Group and component management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as impairment. On this audit we do not believe there is a fraud risk related to revenue recognition because of the straight-forward recognition of cable revenue over time, and the low value nature of the individual revenue transactions.

We also identified a fraud risk related to inappropriate capitalisation of external and internal costs in response to possible pressures to meet profit targets. Further detail in respect of the inappropriate capitalization of external and internal costs is set out in the key audit matter disclosures in section 2 of this report.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of the Group -wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management, those posted and approved by the same user and those posted to unusual accounts
- Evaluated the business purpose of significant unusual transactions
- Assessing significant accounting estimates for bias

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience ,and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group’s regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity’s procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the group to component audit teams of relevant laws and regulations identified at the Group level, and a request for component auditors to report to the group team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at group

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's license to operate. We identified the following areas as those most likely to have such an effect: data and privacy law reflecting the growing amount of personal data held and competition and markets regulation, recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We discussed with the audit committee matters related to actual or suspected breaches of laws or regulations, for which disclosure is not necessary, and considered any implications for our audit

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6 We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

7 We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

8 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 62, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

9 The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

/s/ TUDOR AW

Tudor Aw (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square, London, United Kingdom

April 30, 2021

LIBERTY GLOBAL PLC
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note References	December 31,	
		2020	2019
		in millions	
ASSETS			
Property and equipment, net.....	6 and 15	\$ 7,943.4	\$ 12,869.4
Goodwill.....	6	10,478.9	14,063.2
Intangible assets subject to amortization, net.....	6	4,500.0	2,184.1
Equity-method investments.....	7	3,529.6	3,488.8
Fair value investments.....	7 and 9	1,779.6	1,259.1
Other assets, net.....	3, 6, 8, 9, 10, 11 and 15	1,679.6	4,675.9
Total non-current assets.....		29,911.1	38,540.5
Current assets:			
Other current assets.....	3, 8 and 9	780.2	961.9
Short-term investments (measured at fair value on a recurring basis).....	7	1,600.2	—
Trade receivables, net.....	9 and 11	1,090.7	1,405.4
Cash and cash equivalents.....	9	1,327.2	8,142.4
Assets held for sale.....	5	24,293.5	—
Total current assets.....		29,091.8	10,509.7
Total assets.....		\$ 59,002.9	\$ 49,050.2

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

LIBERTY GLOBAL PLC
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION — (Continued)

	Note References	December 31,	
		2020	2019
in millions			
EQUITY AND LIABILITIES			
Equity:			
Liberty Global shareholders:			
Share capital:			
Class A ordinary shares, \$0.01 nominal value. Issued and outstanding 181,348,114 and 181,560,735 shares, respectively	12	\$ 1.8	\$ 1.8
Class B ordinary shares, \$0.01 nominal value. Issued and outstanding 12,561,444 and 12,151,526 shares, respectively	12	0.1	0.1
Class C ordinary shares, \$0.01 nominal value. Issued and outstanding 386,588,921 and 438,867,447 shares, respectively	12	3.9	4.4
Share premium reserve	12	1,127.0	1,124.3
Merger reserve	12	4,749.3	4,749.3
Other reserves	12	1,995.4	(600.3)
Retained earnings	12	5,675.2	8,201.3
Treasury shares, at cost	12	(0.1)	(0.1)
Total Liberty Global shareholders		13,552.6	13,480.8
Noncontrolling interests		(369.4)	(412.6)
Total equity		13,183.2	13,068.2
Liabilities:			
Non-current debt and lease obligations	9, 14 and 15	15,134.7	24,754.0
Non-current portion of provisions	16	626.1	563.3
Other non-current liabilities	3, 8, 9, 10, 16 and 17	2,345.6	1,805.7
Total non-current liabilities		18,106.4	27,123.0
Current liabilities:			
Other accrued and current liabilities	18	1,313.1	1,735.6
Provisions	16	124.4	314.0
Accrued income taxes	10	252.7	307.0
Current portion of debt and lease obligations	9, 14 and 15	1,455.1	4,313.3
Derivative instruments	8	252.7	390.3
Deferred revenue	3	430.9	834.9
Accounts payable	9 and 19	618.2	963.9
Liabilities held for sale	5	23,266.2	—
Total current liabilities		27,713.3	8,859.0
Total liabilities		45,819.7	35,982.0
Total equity and liabilities		\$ 59,002.9	\$ 49,050.2

The financial statements were approved by our board of directors and were signed on its behalf on April 30, 2021 by:

/s/ Michael T. Fries

Michael T. Fries

President, Chief Executive Officer and Director

Company registered number: **8379990**

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

LIBERTY GLOBAL PLC
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Note References	Year ended December 31, 2020 2019	
		in millions, except share and per share amounts	
Revenue.....	3, 4, 7 and 18	\$ 11,980.3	\$ 11,539.5
Cost of services.....	6, 13 and 21	7,327.6	8,282.6
General and administrative (G&A) expenses.....	6, 13, 21 and 22	1,402.3	1,443.5
Selling expenses.....		986.7	934.5
Impairment, restructuring and other operating items, net.....	4, 16 and 17	93.2	86.1
		9,809.8	10,746.7
Operating profit.....		2,170.5	792.8
Finance costs.....	23	(3,775.9)	(1,934.5)
Finance income.....	23	71.1	146.0
Net finance costs.....		(3,704.8)	(1,788.5)
Share of results of affiliates, net.....	7	(251.0)	(196.1)
Other income (expense), net.....		3.2	(26.0)
		(3,952.6)	(2,010.6)
Loss from continuing operations before income taxes.....		(1,782.1)	(1,217.8)
Income tax benefit (expense).....	10	246.1	(245.7)
Loss from continuing operations.....		(1,536.0)	(1,463.5)
Profit from discontinued operations, net of taxes.....	5	—	731.7
Gain on disposal of discontinued operations, net of taxes.....	5	—	12,530.3
Net profit (loss).....		(1,536.0)	11,798.5
Net profit attributable to noncontrolling interests.....	2 and 5	(161.1)	(107.0)
Net profit (loss) attributable to Liberty Global shareholders.....		\$ (1,697.1)	\$ 11,691.5
Basic and diluted loss from continuing operations attributable to Liberty Global shareholders per share.....	2	\$ (2.82)	\$ (2.26)
Weighted average shares outstanding - basic and diluted.....		602,083,910	705,794,546

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

LIBERTY GLOBAL PLC
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	<u>Note References</u>	<u>Year ended December 31,</u> <u>2020</u>	<u>2019</u>
		<u>in millions</u>	
Net profit (loss).....		\$ (1,536.0)	\$ 11,798.5
Other comprehensive income, net of taxes:	24		
Continuing operations:			
Foreign currency translation adjustments.....		2,595.1	425.4
Reclassification adjustments included in net profit (loss).....	5	(0.6)	(1.1)
Pension-related adjustments and other.....		1.9	(3.2)
Other comprehensive income from continuing operations.....		2,596.4	421.1
Other comprehensive loss from discontinued operations.....	5	—	(77.2)
Other comprehensive income.....		2,596.4	343.9
Comprehensive income.....		1,060.4	12,142.4
Comprehensive income attributable to noncontrolling interests.....		(161.7)	(106.2)
Comprehensive income attributable to Liberty Global shareholders.....		<u>\$ 898.7</u>	<u>\$ 12,036.2</u>

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

LIBERTY GLOBAL PLC
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Notes References	Liberty Global shareholders									Non- controlling interests	Total equity
	Share capital	Share premium reserve	Merger reserve	Capital redemption reserve	Foreign currency translation reserve	Other reserves	Retained earnings (loss)	Treasury shares, at cost	Total Liberty Global shareholders		
	in millions										
Balance at January 1, 2019.....	\$ 7.4	\$ 1,121.5	\$ 4,749.3	\$ 3.0	\$ (944.6)	\$ (0.1)	\$ (419.6)	\$ (0.1)	\$ 4,516.8	\$ (526.3)	\$ 3,990.5
Net profit	—	—	—	—	—	—	11,691.5	—	11,691.5	107.0	11,798.5
Other comprehensive income, net of taxes.....	5 and 24	—	—	—	340.2	0.1	4.4	—	344.7	(0.8)	343.9
Repurchases and cancellations of Liberty Global ordinary shares.....	12	(1.1)	—	—	1.1	—	(3,220.2)	—	(3,220.2)	—	(3,220.2)
Share-based compensation	13	—	—	—	—	—	256.6	—	256.6	—	256.6
Repurchases by Telenet of its outstanding shares.....		—	—	—	—	—	(134.5)	—	(134.5)	20.4	(114.1)
Adjustments due to changes in subsidiaries' equity and other, net.....		—	2.8	—	—	—	23.1	—	25.9	(12.9)	13.0
Balance at December 31, 2019...	<u>\$ 6.3</u>	<u>\$ 1,124.3</u>	<u>\$ 4,749.3</u>	<u>\$ 4.1</u>	<u>\$ (604.4)</u>	<u>\$ —</u>	<u>\$ 8,201.3</u>	<u>\$ (0.1)</u>	<u>\$ 13,480.8</u>	<u>\$ (412.6)</u>	<u>\$ 13,068.2</u>

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

LIBERTY GLOBAL PLC
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY — (Continued)

		Liberty Global shareholders										
	Notes References	Share capital	Share premium reserve	Merger reserve	Capital redemption reserve	Foreign currency translation reserve	Other reserves	Retained earnings	Treasury shares, at cost	Total Liberty Global shareholders	Non- controlling interests	Total equity
in millions												
Balance at January 1, 2020.....		\$ 6.3	\$ 1,124.3	\$ 4,749.3	\$ 4.1	\$ (604.4)	\$ —	\$ 8,201.3	\$ (0.1)	\$ 13,480.8	\$ (412.6)	\$ 13,068.2
Net loss.....		—	—	—	—	—	—	(1,697.1)	—	(1,697.1)	161.1	(1,536.0)
Other comprehensive income, net of taxes.....	5 and 24	—	—	—	—	2,595.1	0.1	0.6	—	2,595.8	0.6	2,596.4
Repurchases and cancellations of Liberty Global ordinary shares.....	12	(0.5)	—	—	0.5	—	—	(1,072.3)	—	(1,072.3)	—	(1,072.3)
Share-based compensation	13	—	—	—	—	—	—	300.5	—	300.5	—	300.5
Distributions by subsidiaries to noncontrolling interest owners.....		—	—	—	—	—	—	—	—	—	(139.2)	(139.2)
Repurchases by Telenet of its outstanding shares.....		—	—	—	—	—	—	(45.3)	—	(45.3)	7.2	(38.1)
Adjustments due to changes in subsidiaries' equity and other, net.....		—	2.7	—	—	—	—	(12.5)	—	(9.8)	13.5	3.7
Balance at December 31, 2020		\$ 5.8	\$ 1,127.0	\$ 4,749.3	\$ 4.6	\$ 1,990.7	\$ 0.1	\$ 5,675.2	\$ (0.1)	\$ 13,552.6	\$ (369.4)	\$ 13,183.2

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

LIBERTY GLOBAL PLC
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note References	Year ended December 31,	
		2020	2019
		in millions	
Cash flows from operating activities:			
Net profit (loss)		\$ (1,536.0)	\$ 11,798.5
Profit from discontinued operations	5	—	13,262.0
Loss from continuing operations		(1,536.0)	(1,463.5)
Adjustments to reconcile loss from continuing operations to net cash provided by operating activities of continuing operations:			
Share-based compensation expense	13	342.3	312.1
Depreciation and amortization	6 and 21	2,496.4	3,842.5
Impairment, restructuring and other operating items, net	4, 16 and 17	93.2	86.1
Net finance costs	23	3,704.8	1,788.5
Share of results of affiliates, net	7	251.0	196.1
Deferred income tax expense (benefit)	10	(223.6)	80.7
Changes in operating assets and liabilities, net of the effects of acquisitions and dispositions:			
Receivables and other operating assets		751.4	762.3
Payables and accruals		(455.4)	(184.1)
Dividends from affiliates and others	7	266.1	170.2
Interest paid		(1,149.0)	(1,445.5)
Interest received		94.8	85.0
Income taxes paid		(247.7)	(358.2)
Net cash provided by operating activities of continuing operations		4,388.3	3,872.2
Net cash provided by operating activities of discontinued operations		—	907.5
Net cash provided by operating activities		4,388.3	4,779.7
Cash flows from investing activities:			
Cash paid for investments	7	(8,363.2)	(256.1)
Cash received from sale of investments	7	6,031.9	39.6
Cash paid in connection with acquisitions, net of cash acquired	4	(5,267.8)	(23.1)
Capital expenditures, net	6	(1,435.1)	(1,294.0)
Cash released from (used to fund) the Vodafone Escrow Accounts, net	5	104.9	(295.2)
Proceeds received upon disposition of discontinued operations, net	5	—	11,203.1
Other investing activities, net		(29.6)	115.8
Net cash provided (used) by investing activities of continuing operations		(8,958.9)	9,490.1
Net cash used by investing activities of discontinued operations		—	(266.4)
Net cash provided (used) by investing activities		\$ (8,958.9)	\$ 9,223.7

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

LIBERTY GLOBAL PLC
CONSOLIDATED STATEMENTS OF CASH FLOWS — (Continued)

	Note References	Year ended December 31,	
		2020	2019
		in millions	
Cash flows from financing activities:			
Borrowings of debt.....	14	\$ 15,975.9	\$ 6,618.8
Repayments and repurchases of debt and lease obligations.....	14 and 15	(13,567.4)	(10,407.9)
Repurchases of Liberty Global ordinary shares.....	12	(1,072.3)	(3,219.4)
Payment of financing costs and debt premiums.....	14	(290.0)	(206.8)
Distributions by subsidiaries to noncontrolling interest owners.....		(137.1)	(32.6)
Net cash received related to derivative instruments.....	8	129.1	331.5
Repurchase by Telenet of its outstanding shares.....		(38.1)	(114.1)
Other financing activities, net.....		(34.1)	1.0
Net cash provided (used) by financing activities of continuing operations.....		966.0	(7,029.5)
Net cash used by financing activities of discontinued operations.....		—	(290.5)
Net cash provided (used) by financing activities.....		966.0	(7,320.0)
Effect of exchange rate changes on cash and cash equivalents and restricted cash:			
Continuing operations.....		141.0	0.4
Discontinued operations.....		—	(1.2)
Total.....		141.0	(0.8)
Net increase (decrease) in cash and cash equivalents and restricted cash:			
Continuing operations.....		(3,463.6)	6,333.2
Discontinued operations.....		—	349.4
Total.....		(3,463.6)	6,682.6
Cash and cash equivalents and restricted cash:			
Beginning of year.....		8,180.9	1,498.3
End of year.....		\$ 4,717.3	\$ 8,180.9

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

LIBERTY GLOBAL PLC
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

(1) Basis of Presentation

Liberty Global plc (**Liberty Global**) is a public limited company organized under the laws of England and Wales. In these notes, the terms “we,” “our,” “our company” and “us” may refer, as the context requires, to Liberty Global or collectively to Liberty Global and its subsidiaries. We are an international provider of broadband internet, video, fixed-line telephony and mobile communications services to residential customers and businesses in Europe.

We provide residential and business-to-business (**B2B**) communications services in (i) the United Kingdom (**U.K.**) through Virgin Media Inc. (**Virgin Media**), a wholly-owned subsidiary, (ii) Ireland through NewCo Holdco 5 Limited, a wholly-owned subsidiary, (iii) Belgium through Telenet Group Holding N.V. (**Telenet**), a 60.7%-owned subsidiary, and (iv) Switzerland, Poland and Slovakia through various wholly-owned subsidiaries that we collectively refer to as “**UPC Holding**.” In addition, we own a 50% noncontrolling interest in a 50:50 joint venture between Vodafone Group plc (**Vodafone**) and Liberty Global (the **VodafoneZiggo JV**), which provides residential and B2B communication services in the Netherlands.

Effective May 7, 2020, in connection with the pending formation of the U.K. JV (as defined in note 5), we began accounting for the U.K. JV Entities (as defined in note 6) as held for sale. Accordingly, the assets and liabilities of the U.K. JV Entities are included in assets held for sale and liabilities held for sale, respectively, in our December 31, 2020 consolidated statement of financial position. Consistent with the applicable guidance, we have not reflected similar reclassifications in our consolidated statements of profit or loss. For additional information, see note 5.

Through July 31, 2019, we provided residential and B2B communication services in (i) Germany through Unitymedia GmbH (**Unitymedia**) and (ii) Hungary, the Czech Republic and Romania through UPC Holding B.V. 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 subsidiary of UPC Holding B.V. that we refer to as “**UPC DTH**”. In these consolidated financial statements, our operations in Germany, Romania, Hungary and the Czech Republic and the operations of UPC DTH during 2019 are presented as discontinued operations. For additional information regarding these dispositions, see note 5.

These consolidated financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Our significant accounting principles are summarized in note 2, which have been applied consistently throughout the periods presented in these consolidated financial statements.

These consolidated financial statements have been prepared on a going concern basis, as described below, under the historical cost conversion and are presented in United States (**U.S.**) dollars, which is our functional currency. Unless otherwise indicated, the amounts presented in these notes relate only to our continuing operations, and ownership percentages and convenience translations into U.S. dollars are calculated as of December 31, 2020.

The financial statements have been prepared and approved on the assumption that the Group and parent Company remain as going concerns. Our directors have prepared forecasts and projections for the group, which indicate that cash on hand, together with cash from operations and undrawn revolving credit facilities, are expected to be sufficient for our cash requirements through at least 12 months from the approval of these consolidated financial statements. These forecasts indicate that, taking into account reasonably possible downsides and the potential impact of COVID-19 on our operations and financial resources, we will have sufficient funds to meet our liabilities as they come due.

These consolidated financial statements were authorized for issue by our board of directors on April 30, 2021.

LIBERTY GLOBAL PLC
Notes to Consolidated Financial Statements — (Continued)
December 31, 2020 and 2019

(2) Summary of Significant Accounting Policies

Estimates and Judgments

In connection with the preparation of the consolidated financial statements, we make estimates and assumptions that affect the reported amounts of assets and liabilities, revenue and expenses and related disclosure of contingent assets and liabilities. Critical accounting policies are defined as those policies that are reflective of significant judgments, estimates and uncertainties, which would potentially result in materially different results under different assumptions and conditions. We believe the following accounting policies are critical in the preparation of the consolidated financial statements because of the judgment necessary to account for these matters and the significant estimates involved, which are susceptible to change:

- Impairment of property and equipment and intangible assets (including goodwill);
- Costs associated with construction and installation activities;
- Fair value measurements; and
- Income tax accounting.

We have discussed the selection of the aforementioned critical accounting policies with the audit committee of our board of directors.

Impairment of Property and Equipment and Intangible Assets

Carrying Value. The aggregate carrying value of our property and equipment and intangible assets (including goodwill) that was held for use comprised 39% of our total assets at December 31, 2020.

When circumstances warrant, we review the carrying amounts of our property and equipment and our intangible assets (other than goodwill and other indefinite-lived intangible assets) to determine whether such carrying amounts continue to be recoverable. Such changes in circumstance may include (i) an expectation of a sale or disposal of a non-current asset or asset group, (ii) adverse changes in market or competitive conditions, (iii) an adverse change in legal factors or business climate in the markets in which we operate and (iv) operating or cash flow losses. For purposes of impairment testing, non-current assets are grouped at the lowest level for which cash flows are largely independent of other assets and liabilities, generally at or below the cash-generating unit level (see below). If the carrying amount of the asset or asset group is greater than the expected undiscounted cash flows to be generated by such asset or asset group, an impairment adjustment is recognized. Such adjustment is measured by the amount that the carrying value of such asset or asset group exceeds its fair value. We generally measure fair value by considering (a) sale prices for similar assets, (b) discounted estimated future cash flows using an appropriate discount rate and/or (c) estimated replacement cost. Assets to be disposed of are recorded at the lower of their carrying amount or fair value less costs to sell.

We evaluate goodwill and other indefinite-lived intangible assets for impairment at least annually on October 1 and whenever facts and circumstances indicate that their carrying amounts may not be recoverable. In the case of goodwill, if the fair value of one of our cash-generating units, or “CGUs,” is less than its carrying value, any excess would be charged to operations as an impairment loss. A cash-generating unit is an operating segment or one level below an operating segment (referred to as a “component”). With respect to other indefinite-lived intangible assets, if the fair value of an indefinite-lived intangible asset is less than its carrying value, any excess of the carrying value over the fair value is also charged to operations as an impairment loss.

Considerable management judgment is necessary to estimate the fair value of cash-generating units and underlying non-current and indefinite-lived assets, the most significant of which relate to the determination of EBITDA (earnings before interest, taxes, depreciation and amortization) multiples for recent transactions and publicly-traded peer companies. For additional information regarding our 2020 quantitative goodwill impairment assessment, see note 6.

During the two years ended December 31, 2020, we did not record any significant impairment charges with respect to our property and equipment and intangible assets. For additional information regarding our non-current assets, see note 6.

LIBERTY GLOBAL PLC
Notes to Consolidated Financial Statements — (Continued)
December 31, 2020 and 2019

If, among other factors, (i) our equity values were to decline or (ii) the adverse impacts of economic, competitive, regulatory or other factors 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 non-current assets. Any such impairment charges could be significant. Impairment of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Costs Associated with Construction and Installation Activities

We capitalize costs associated with the construction of new cable and mobile transmission and distribution facilities and the installation of new cable services. Installation activities that are capitalized include (i) the initial connection (or drop) from our cable system to a customer location, (ii) the replacement of a drop and (iii) the installation of equipment for additional services, such as digital cable, telephone or broadband internet service. The costs of other customer-facing activities, such as reconnecting and disconnecting customer locations and repairing or maintaining drops, are expensed as incurred.

The nature and amount of labor and other costs to be capitalized with respect to construction and installation activities involves significant judgment and estimates. In addition to direct external and internal labor and materials, we also capitalize other costs directly attributable to our construction and installation activities, including dispatch costs, quality-control costs, vehicle-related costs and certain warehouse-related costs. The capitalization of these costs is based on time sheets, time studies, standard costs, call tracking systems and other verifiable means that directly link the costs incurred with the applicable capitalizable activity. We continuously monitor the appropriateness of our capitalization policies and update the policies when necessary to respond to changes in facts and circumstances, such as the development of new products and services and changes in the manner that installations or construction activities are performed.

Fair Value Measurements

E.U.-IFRS provides guidance with respect to the recurring and nonrecurring fair value measurements and 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.

Recurring Valuations. We perform recurring fair value measurements with respect to our derivative instruments, our fair value method investments and certain instruments that we classify as debt, each of which are carried at fair value. We use (i) cash flow valuation models to determine the fair values of our interest rate and foreign currency derivative instruments and (ii) a binomial option pricing model to determine the fair values of our equity-related derivative instruments. We use quoted market prices when available and, when not available, we use a combination of an income approach (discounted cash flows) and a market approach (market multiples of similar businesses) to determine the fair value of our fair value method investments. For a detailed discussion of the inputs we use to determine the fair value of our derivative instruments and fair value method investments, see note 9. See notes 7 and 8 for information concerning our fair value method investments and derivative instruments, respectively.

Changes in the fair values of our derivative instruments, fair value method investments and certain instruments that we classify as debt have had, and we believe will continue to have, a significant and volatile impact on our results of operations. During 2020 and 2019, we recognized net losses of \$865.4 million and \$123.8 million, respectively, attributable to changes in the fair values of these items.

As further described in note 9, actual amounts received or paid upon the settlement or disposition of these investments and instruments may differ materially from the recorded fair values at December 31, 2020.

Nonrecurring Valuations. Our nonrecurring valuations are primarily associated with (i) the application of acquisition accounting and (ii) impairment assessments, both of which require that we make fair value determinations as of the applicable valuation date. In making these determinations, we are required to make estimates and assumptions that affect the recorded amounts, including, but not limited to, expected future cash flows, market comparables and discount rates, remaining useful lives of non-current assets, replacement or reproduction costs of property and equipment and the amounts to be recovered in future periods from acquired net operating losses and other deferred tax assets. To assist us in making these fair value

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December 31, 2020 and 2019

determinations, we may engage third-party valuation specialists. Our estimates in this area impact, among other items, the amount of depreciation and amortization, impairment charges and income tax expense or benefit that we report. Our estimates of fair value are based upon assumptions we believe to be reasonable, but which are inherently uncertain. A significant portion of our non-current assets were initially recorded through the application of acquisition accounting and all of our non-current assets are subject to impairment assessments. For additional information, including the specific weighted average discount rates that we used to complete certain nonrecurring valuations, see note 9. For information regarding our acquisitions and non-current assets, see notes 4 and 6, respectively.

Income Tax Accounting

We are required to estimate the amount of tax payable or refundable for the current year and the deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts and income tax basis of assets and liabilities and the expected benefits of utilizing net operating loss and tax credit carryforwards, using enacted or substantially enacted tax rates in effect for each taxing jurisdiction in which we operate for the year in which those temporary differences are expected to be recovered or settled. This process requires our management to make assessments regarding the timing and probability of the ultimate tax impact of such items.

Net deferred tax assets are recognized to the extent that the realization of them is considered probable. Recognizing deferred tax assets requires us to make assessments about the timing of future events, including the probability of expected future taxable income and available tax planning strategies. At December 31, 2020, the aggregate of unrecognized deferred tax assets was \$1,584.8 million. The actual amount of deferred income tax benefits realized in future periods will likely differ from the net deferred tax assets reflected in our December 31, 2020 consolidated statement of financial position due to, among other factors, possible future changes in income tax law or interpretations thereof in the jurisdictions in which we operate and differences between estimated and actual future taxable income. Any such factors could have a material effect on our current and deferred tax positions as reported in the consolidated financial statements. A high degree of judgment is required to assess the impact of possible future outcomes on our current and deferred tax positions.

Tax laws in jurisdictions in which we have a presence are subject to varied interpretation, and many tax positions we take are subject to significant uncertainty regarding whether the position will be ultimately sustained after review by the relevant tax authority. We recognize the financial statement effects of a tax position when it is considered probable that the position will be sustained upon examination. The determination of whether the tax position meets the probable threshold requires a facts-based judgment using all information available. In a number of cases, we have concluded that the probable threshold is not met and, accordingly, the amount of tax benefit recognized in the consolidated financial statements is different than the amount taken or expected to be taken in our tax returns.

Principles of Consolidation

The accompanying consolidated financial statements include our accounts and the accounts of all entities controlled by the company. Liberty Global controls an entity if we are exposed to variable returns from our involvement with the entity and we have the ability to affect those returns through our power over the respective entity. Such entities are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intra-group balances and transactions have been eliminated in preparing the consolidated financial statements.

When control over an entity is lost, we derecognize the assets and liabilities of the entity, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the entity is measured at fair value when control is lost.

Cash and Cash Equivalents and Restricted Cash

Cash equivalents consist of money market funds and other investments that are readily convertible into cash and have maturities of three months or less at the time of acquisition. We record money market funds at the net asset value as there are no restrictions on our ability, contractual or otherwise, to redeem our investments at the stated net asset value.

Restricted cash consists of cash held in restricted accounts, including cash held as collateral for debt and other compensating balances. Restricted cash amounts that are required to be used to purchase non-current assets or repay non-

LIBERTY GLOBAL PLC
Notes to Consolidated Financial Statements — (Continued)
December 31, 2020 and 2019

current debt are classified as non-current assets. All other cash that is restricted to a specific use is classified as current or non-current based on the expected timing of the disbursement.

Our significant non-cash investing and financing activities are disclosed in our consolidated statements of changes in equity and in notes 6, 8 and 14.

Trade Receivables

Our trade receivables are initially measured at fair value and subsequently reported at amortized cost, net of an allowance for impairment of trade receivables. The allowance for impairment of trade receivables is estimated based upon our current estimate of lifetime expected credit losses related to uncollectible accounts receivable. We use a number of factors in determining the allowance, including, among other things, collection trends, prevailing and anticipated economic conditions, and specific customer credit risk. The allowance is maintained until either payment is received or the likelihood of collection is considered to be remote. For additional information regarding our trade receivable and allowance for impairment of trade receivables, see note 12.

Concentration of credit risk with respect to trade receivables is limited due to the large number of residential and business customers. We also manage this risk by disconnecting services to customers whose accounts are delinquent.

Associates and Joint Ventures

Associates are entities where the company has significant influence, but not control or joint control, over the relevant activities of the entity. Joint ventures are joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Interests in associates and joint ventures are accounted for under the equity method, and are initially recognized at cost, which includes transaction costs. These consolidated financial statements include the company's share of the total recognized gains and losses of associates and joint ventures using the equity method, from the date that significant influence or joint control commences to the date that it ceases, based on present ownership interests and excluding the possible exercise of potential voting rights, less any impairment losses. Intercompany profits on transactions with associates or joint ventures for which assets remain in our or our investee's statement of financial position are eliminated to the extent of our ownership in the investee. When the company's investment in an associate or joint venture has been reduced to zero because the company's share of losses exceeds its investment in the associate or joint venture, the company only provides for additional losses to the extent that it has incurred legal or constructive obligations to fund such losses, or where the company has made payments on behalf of the associate or joint venture. Where the disposal of an investment in an associate or joint venture is considered to be highly probable, the investment ceases to be equity accounted and, instead, is classified as held for sale and stated at the lower of carrying amount and fair value less costs to sell.

Other Investments

We account for our other investments at fair value through profit or loss as these investments are managed and evaluated on a fair value basis. Under the fair value method, other investments are recorded at fair value and any changes in fair value are reported in realized and unrealized gains or losses due to changes in fair values of certain investments, net, in our consolidated statements of profit or loss.

Other investments are recognized and derecognized on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value. All costs directly associated with the acquisition of an investment to be accounted for under the fair value method are expensed as incurred.

In addition, we determine the appropriate classification of our investments in debt securities at the time of purchase based on the underlying nature and characteristics of each security. All of our debt securities are classified as available for sale and are reported at fair value. Any interest received on our debt securities is reported as interest income in our statements of profit or loss.

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Dividends from publicly-traded investees that are not accounted for under the equity method are recognized when declared as dividend income in our consolidated statements of profit or loss. Dividends from our equity method investees and all of our privately-held investees are reflected as reductions of the carrying values of the applicable investments. Dividends that are deemed to be (i) returns on our investments are included in cash flows from operating activities in our consolidated statements of cash flows and (ii) returns of our investments are included in cash flows from investing activities in our consolidated statements of cash flows. Realized gains and losses are determined on an average cost basis.

Non-Derivative Financial Instruments

Cash and cash equivalents, current trade and other receivables, related-party receivables and payables, certain other current assets, accounts payable, certain accrued liabilities and value-added taxes (VAT) payable represent financial instruments that are initially recognized at fair value and subsequently carried at amortized cost. Due to their relatively short maturities, the carrying values of these financial instruments approximate their respective fair values.

Loans and other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such loans and other receivables are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

The company initially recognizes loans and receivables on the date they are originated. All other financial assets (including assets designated as fair value through the statement of profit or loss) are recognized initially on the trade date, which is the date that the company becomes a party to the contractual provisions of the instrument.

The company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the company is recognized as a separate asset or liability.

The company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date, which is the date that the company becomes a party to the contractual provisions of the instrument.

The company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

For information concerning the fair values of certain of our investments, derivatives and debt, see notes 7, 8 and 14, respectively. For information concerning how we arrive at certain of our fair value measurements, see note 9.

All loans and borrowings are initially recognized at fair value less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognized respectively in interest income or expense. Finance costs which are incurred in connection with the issuance of debt are deferred and set off against the borrowings to which they relate. Deferred finance costs are amortized over the term of the related debt using the effective interest method.

Derivative Instruments

All derivative instruments, whether designated as hedging relationships or not, are recorded in the statement of financial position at fair value. If the derivative instrument is not designated as a hedge, changes in the fair value of the derivative instrument are recognized in earnings. If the derivative instrument is designated as a fair value hedge, the changes in the fair value of the derivative instrument and of the hedged item attributable to the hedged risk are recognized in earnings. If the derivative instrument is designated as a cash flow hedge, the effective portions of changes in the fair value of the derivative instrument are recorded in other comprehensive income or loss and accumulated in other reserves, and subsequently reclassified into our consolidated statements of profit or loss when the hedged forecasted transaction affects earnings. Ineffective portions of changes in the fair value of cash flow hedges are recognized in earnings. Hedge accounting is discontinued when the company revokes the hedging relationship, when the hedging instruments expires or is sold, terminated, or exercised, or when it

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no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date. We generally do not apply hedge accounting to our derivative instruments.

The net cash received or paid related to our derivative instruments is classified as an operating, investing or financing activity in our consolidated 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 in our consolidated statements of cash flows.

For information regarding our derivative instruments, see note 8.

Property and Equipment

Property and equipment are measured at initial cost less accumulated depreciation and any accumulated impairment losses. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. We capitalize costs associated with the construction of new cable and mobile transmission and distribution facilities and the installation of new cable services. Capitalized construction and installation costs include materials, labor and other directly attributable costs. Installation activities that are capitalized include (i) the initial connection (or drop) from our cable system to a customer location, (ii) the replacement of a drop and (iii) the installation of equipment for additional services, such as digital cable, telephone or broadband internet service. The costs of other customer-facing activities, such as reconnecting and disconnecting customer locations and repairing or maintaining drops, are expensed as incurred. Financing costs capitalized with respect to construction activities was not material during any of the periods presented.

Depreciation is computed using the straight-line method over the estimated useful life of each major component of an item of property and equipment. Assets held under leases are amortized on a straight-line basis over the shorter of the lease term or estimated useful life of the asset. Useful lives used to depreciate our property and equipment are reviewed at each reporting date and are adjusted if appropriate. The useful lives of cable and mobile distribution systems that are undergoing a rebuild are adjusted such that property and equipment to be retired will be fully depreciated by the time the rebuild is completed. For information regarding the useful lives of our property and equipment, see note 6.

Subsequent costs are included in the assets' carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the expenditure will be achieved and when the cost can be measured reliably. All other expenditures for repairs and maintenance are expensed as incurred.

Gains and losses due to disposals are included in impairment, restructuring and other operating items, net.

Intangible Assets

Our primary intangible assets relate to goodwill, customer relationships, cable television franchise rights and software costs. Goodwill represents the excess purchase price over the fair value of the identifiable net assets acquired in a business combination. Customer relationships and cable television franchise rights are initially recorded at their fair values in connection with business combinations.

Goodwill and other intangible assets with indefinite useful lives are not amortized, but instead are tested for impairment at least annually. Intangible assets with finite lives are amortized on a straight-line basis over their respective estimated useful lives, and reviewed for indications of impairment at each reporting date. Amortization methods and useful lives are reviewed at each reporting date and are adjusted if appropriate.

Costs that are directly associated with the production of identifiable and unique software products controlled by the company, and that are expected to generate economic benefits beyond one year, are recognized as intangible assets. Capitalized internal-use software costs include only external direct costs of materials and services consumed in developing or obtaining the software and payroll and payroll-related costs for employees who are directly associated with the project. Capitalization of these costs ceases no later than the point at which the project is substantially complete and ready for its intended purpose.

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Internally-generated intangible assets are amortized on a straight-line basis over their useful lives. Costs associated with maintaining computer software are recognized as an expense as incurred.

We do not amortize our cable television franchise rights and certain other intangible assets as these assets have indefinite lives. For information regarding the useful lives of our intangible assets, see note 6.

Subsequent expenditures related to intangible assets are capitalized only when the expenditures increase the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditures on internally generated brands, are expensed as incurred.

Leases

On the lease commencement date, we recognize (i) ROU assets representing our right to use an underlying asset and (ii) lease liabilities representing our obligation to make lease payments over the lease term. Lease and non-lease components in a contract are generally accounted for separately.

We initially measure lease liabilities at the present value of the remaining lease payments over the lease term. Options to extend or terminate the lease are included only when it is reasonably certain that we will exercise that option. As most of our leases do not provide enough information to determine an implicit interest rate, we generally use a portfolio level incremental borrowing rate in our present value calculation. We initially measure ROU assets at the value of the lease liability, plus any initial direct costs and prepaid lease payments, less any lease incentives received.

ROU assets are generally depreciated on a straight-line basis over the shorter of the lease term or the useful life of the asset. Interest expense on the lease liability is recorded using the effective interest method.

Provisions

A provision is recognized when a present legal or constructive obligation as a result of a past event exists, it is probable (more likely than not) that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a pre-tax rate reflecting, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as finance cost.

A provision for restructuring is recognized when management has approved a detailed and formal restructuring plan and the restructuring has either commenced or has been announced to the parties concerned. For additional information on our restructuring provisions, see note 16.

A provision for asset retirement obligations is recognized related to dismantling and removing items at leased property and restoring the site on which these items are located after termination of the lease agreement.

A provision for onerous contracts is recognized when the expected benefits to be derived from a contract are lower than the unavoidable costs of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, we recognize an impairment loss on the assets associated with the respective contract. For additional information on onerous contract provisions, see note 16.

A provision for payroll taxes incurred in connection with the vesting or exercise of our share-based incentive awards is recognized as the awards vest in relation to the services as they are received during the vesting period. For additional information on share-based incentive awards, see “Share-based Compensation” discussion below and note 13.

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Income Taxes

Income taxes are accounted for under the asset and liability method. We recognize deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts and income tax basis of assets and liabilities and the expected benefits of utilizing net operating loss and tax credit carryforwards, using enacted or substantively enacted tax rates in effect for each taxing jurisdiction in which we operate for the year in which those temporary differences are expected to be recovered or settled. We recognize the financial statement effects of a tax position when it is probable, based on technical merits, that the position will be sustained upon examination. Net deferred tax assets are then recognized to the extent that realization is considered probable. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment or substantive enactment date. Deferred tax liabilities related to investments in foreign subsidiaries and foreign corporate joint ventures that are essentially permanent in duration are not recognized until it becomes apparent that such amounts will reverse in the foreseeable future. In order to be considered essentially permanent in duration, sufficient evidence must indicate that the foreign subsidiary has invested or will invest its undistributed earnings indefinitely, or that earnings will be remitted in a tax-free manner.

Foreign Currency Translation and Transactions

The reporting currency of our company is the U.S. dollar. The functional currency of our foreign operations generally is the applicable local currency for each foreign subsidiary and equity method investee. Assets and liabilities of foreign subsidiaries (including intercompany balances for which settlement is not anticipated in the foreseeable future) are translated at the spot rate in effect at the applicable reporting date. With the exception of certain material transactions, the amounts reported in our consolidated statements of profit or loss are translated at the average exchange rates in effect during the applicable period. The resulting unrealized cumulative translation adjustment, net of applicable income taxes, is recorded as a component of accumulated other comprehensive income or loss in our consolidated statements of changes in equity. With the exception of certain material transactions, the cash flows from our operations in foreign countries are translated at the average rate for the applicable period on our consolidated statements of cash flows. The impacts of material transactions generally are recorded at the applicable spot rates in our consolidated statements of profit or loss and cash flows. The effect of exchange rates on cash balances held in foreign currencies are separately reported in our consolidated statements of cash flows.

Transactions denominated in currencies other than our or our subsidiaries' functional currencies are recorded based on exchange rates at the time such transactions arise. Changes in exchange rates with respect to amounts recorded in our consolidated statements of financial position related to these non-functional currency transactions result in transaction gains and losses that are reflected in our consolidated statements of profit or loss as unrealized (based on the applicable period end exchange rates) or realized upon settlement of the transactions.

Revenue Recognition

Service Revenue — Cable Networks. We recognize revenue from the provision of broadband internet, video and fixed-line telephony services over our cable network to customers in the period the related services are provided, with the exception of revenue recognized pursuant to certain contracts that contain promotional discounts, as described below. Installation fees related to services provided over our cable network are generally deferred and recognized as revenue over the contractual period, or longer if the upfront fee results in a material renewal right.

Sale of Multiple Products and Services. We sell broadband internet, video and fixed-line telephony and, in most of our markets, mobile services to our customers in bundled packages at a rate lower than if the customer purchased each product on a standalone basis. Revenue from bundled packages generally is allocated proportionally to the individual products or services based on the relative standalone selling price for each respective product or service.

Mobile Revenue — General. Consideration from mobile contracts is allocated to the airtime service component and the handset component based on the relative standalone selling prices of each component. In markets where we offer handsets and airtime services in separate contracts entered into at the same time, we account for these contracts as a single contract.

Mobile Revenue — Airtime Services. We recognize revenue from mobile services in the period in which the related services are provided. Revenue from pre-paid customers is deferred prior to the commencement of services and recognized as the services are rendered or usage rights expire.

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Mobile Revenue — Handset Revenue. Revenue from the sale of handsets is recognized at the point in which the goods have been transferred to the customer. Some of our mobile handset contracts that permit the customer to take control of the handset upfront and pay for the handset in installments over a contractual period may contain a significant financing component. For contracts with terms of one year or more, we recognize any significant financing component as revenue over the contractual period using the effective interest method. We do not record the effect of a significant financing component if the contractual period is less than one year.

B2B Revenue. We defer upfront installation and certain nonrecurring fees received on B2B contracts where we maintain ownership of the installed equipment. The deferred fees are amortized into revenue on a straight-line basis, generally over the longer of the term of the arrangement or the expected period of performance. From time to time, we also enter into agreements with certain B2B customers pursuant to which they are provided the right to use certain elements of our network. If these agreements are determined to contain a lease that meets the criteria to be considered a sales-type lease, we recognize revenue from the lease component when control of the network element is transferred to the customer.

Contract Costs. Incremental costs to obtain a contract with a customer, such as incremental sales commissions, are generally recognized as assets and amortized to SG&A expenses over the applicable period benefited, which generally is the contract life. If, however, the amortization period is less than one year, we expense such costs in the period incurred. Contract fulfillment costs, such as costs for installation activities for B2B customers, are recognized as assets and amortized to other operating costs over the applicable period benefited, which is generally the substantive contract term for the related service contract.

Promotional Discounts. For subscriber promotions, such as discounted or free services during an introductory period, revenue is recognized uniformly over the contractual period if the contract has substantive termination penalties. If a contract does not have substantive termination penalties, revenue is recognized only to the extent of the discounted monthly fees charged to the subscriber, if any.

Subscriber Advance Payments. Payments received in advance for the services we provide are deferred and recognized as revenue when the associated services are provided.

Sales, Use and Other VAT. Revenue is recorded net of applicable sales, use and other value-added taxes.

For additional information regarding our revenue recognition and related costs, see note 3. For a disaggregation of our revenue by major category and by reportable and geographic segment, see note 18.

Share-based Compensation

We recognize all share-based payments to employees, including grants of employee share-based incentive awards, based on their grant-date fair values and our estimates of forfeitures. We recognize share-based compensation expense as a charge to operations over the vesting period based on the grant-date fair value of outstanding awards, which may differ from the fair value of such awards on any given date. The cash benefits of tax deductions in excess of deferred taxes on recognized share-based compensation expense are reported as cash flows from operating activities. Payroll taxes incurred in connection with the vesting or exercise of our share-based incentive awards are recorded as a component of share-based compensation expense in our consolidated statements of profit or loss.

The grant date fair values for options, share appreciation rights (**SARs**) and performance-based share appreciation rights (**PSARs**) are estimated using the Black-Scholes option pricing model, and the grant date fair values for restricted share units (**RSUs**), restricted share awards (**RSAs**) and performance-based restricted share units (**PSUs**) are based upon the closing share price of Liberty Global ordinary shares on the date of grant. We consider historical exercise trends in our calculation of the expected life of options and SARs granted by Liberty Global to employees. The expected volatility for options and SARs related to our ordinary shares is generally based on a combination of (i) historical volatilities for a period equal to the expected average life of the awards and (ii) volatilities implied from publicly-traded options for our shares.

We generally issue new Liberty Global ordinary shares when Liberty Global options or SARs are exercised, when RSUs and PSUs vest and when RSAs are granted. Our company settles SARs and PSARs on a net basis when exercised by the award holder, whereby the number of shares issued represents the excess value of the award based on the market price of the

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respective Liberty Global shares at the time of exercise relative to the award's exercise price. In addition, the number of shares issued is further reduced by the amount of the employee's required income tax withholding.

Although we repurchase Liberty Global ordinary shares from time to time, the parameters of our share purchase and redemption activities are not established with reference to the dilutive impact of our share-based compensation plans.

For additional information regarding our share-based compensation, see note 13.

Litigation Costs

Legal fees and related litigation costs are expensed as incurred.

Earnings or Loss per Share

Basic earnings or loss per share (**EPS**) is computed by dividing net profit or loss by the weighted average number of shares outstanding for the period. Diluted EPS presents the dilutive effect, if any, on a per share basis of potential shares (e.g., options, SARs, RSUs, RSAs, PSARs and PSUs) as if they had been exercised, vested or converted at the beginning of the periods presented.

The details of our net loss from continuing operations attributable to Liberty Global shareholders are set forth below:

	Year ended December 31,	
	2020	2019
	in millions	
Loss from continuing operations	\$ (1,536.0)	\$ (1,463.5)
Net profit attributable to noncontrolling interests	(161.1)	(107.0)
Net loss from continuing operations attributable to Liberty Global shareholders	<u>\$ (1,697.1)</u>	<u>\$ (1,570.5)</u>

We reported losses from continuing operations attributable to Liberty Global shareholders during 2020 and 2019. Therefore, the potentially dilutive effect at December 31, 2020 and 2019 of the following items was not included in the computation of diluted loss from continuing operations attributable to Liberty Global shareholders per share because their inclusion would have been anti-dilutive to the computation or, in the case of certain PSARs and PSUs, because such awards had not yet met the applicable performance criteria: (i) the aggregate number of shares issuable pursuant to outstanding options, SARs, RSUs and RSAs of 76.1 million and 62.5 million, respectively, and (ii) the aggregate number of shares issuable pursuant to PSARs and PSUs of 18.4 million and 23.9 million, respectively.

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(3) Revenue Recognition and Related Costs

Contract Balances

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 \$44.3 million and \$30.6 million as of December 31, 2020 and 2019, respectively. The non-current and current portions of our contract asset balance are included within other assets, net, and other current assets, respectively, in our consolidated statements of financial position.

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 \$442.6 million and \$867.1 million as of December 31, 2020 and 2019, respectively. The decrease in deferred revenue during 2020 is primarily due to (a) \$795.3 million of revenue recognized that was included in our deferred revenue balance at December 31, 2019, (b) \$475.3 million of deferred revenue related to the U.K. JV Entities that was reclassified to liabilities held for sale and (c) advanced billings in certain markets. The non-current portions of our deferred revenue balances are included within other non-current liabilities in our consolidated statements of financial position.

Contract Costs

Our aggregate assets associated with incremental costs to obtain and fulfill our contracts were \$46.6 million and \$92.6 million at December 31, 2020 and 2019, respectively. The current and non-current portions of our assets related to contract costs are included within other current assets and other assets, net, respectively, in our consolidated statements of financial position. During 2020, 2019 and 2018, we amortized \$134.8 million, \$101.1 million and \$99.8 million, respectively, to operating costs and expenses associated with our assets related to contract costs (including with respect to the U.K. JV Entities (as defined in note 6), which assets are presented as held for sale).

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.

(4) Acquisitions

2020 Acquisition

Sunrise Acquisition. On November 11, 2020, Liberty Global completed the acquisition of Sunrise Communications Group AG (**Sunrise**) (the **Sunrise Acquisition**). The Sunrise Acquisition was effected through an all cash public tender offer (the **Offer**) of the outstanding shares of Sunrise (the **Sunrise Shares**) for CHF 110 (\$120 at the transaction date) per share, for a total purchase price of CHF 5.0 billion (\$5.4 billion at the transaction date). As of December 31, 2020, Liberty Global holds 98.9% of the share capital of Sunrise and has initiated a statutory “squeeze-out” procedure according to applicable Swiss law pursuant to which we will acquire the remaining 1.1% of Sunrise Shares that we do not yet own. This “squeeze-out” procedure is expected to be completed during the first half of 2021. As of December 31, 2020, we have recorded a liability of \$59.8 million associated with the Sunrise Shares we have not yet acquired.

The Offer was funded through (i) borrowings of CHF 3.2 billion (\$3.5 billion at the applicable date) under new term loan facilities and (ii) existing liquidity of Liberty Global. In addition, we used amounts under these term loan facilities to (a) refinance CHF 1.4 billion (\$1.5 billion at the applicable date) principal amount of Sunrise’s existing debt and (b) redeem in full CHF 200.0 million (\$219.3 million at the applicable date) outstanding principal amount of Sunrise’s senior secured notes. For additional information regarding financing arrangements entered into by UPC Holding in connection with the Sunrise Acquisition, see note 14.

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We have accounted for the Sunrise Acquisition using the acquisition method of accounting, whereby the total purchase price (including with respect to the aforementioned squeeze-out procedure) was allocated to the acquired identifiable net assets of Sunrise based on assessments of their respective fair values, and the excess of the purchase price over the fair values of these identifiable net assets was allocated to goodwill. A summary of the preliminary purchase price and the opening balances of Sunrise at the November 11, 2020 acquisition date is presented in the following table. The preliminary opening balances are subject to adjustment based on our final assessment of the fair values of the acquired identifiable assets and liabilities. Although most items in the valuation process remain open, the items with the highest likelihood of changing upon finalization of the valuation process include (i) property and equipment, (ii) goodwill, (iii) intangible assets associated with customer relationships, mobile spectrum assets and trade names and (iv) income taxes (in millions):

Cash and cash equivalents	\$ 108.5
Trade receivables	489.2
Other current assets	163.5
Property and equipment, net	2,367.6
Goodwill (a)	3,465.7
Intangible assets subject to amortization, net	2,659.4
Other assets, net	232.3
Current portion of debt and lease obligations	(269.6)
Other accrued and current liabilities	(535.9)
Long-term debt and lease obligations	(2,640.1)
Other long-term liabilities	(612.8)
Total purchase price (b)	<u>\$ 5,427.8</u>

- (a) The goodwill recognized in connection with the Sunrise Acquisition is primarily attributable to (i) the opportunity to leverage Sunrise's existing mobile network to gain immediate access to potential customers and (ii) estimated synergy benefits through the integration of Sunrise with our existing operations in Switzerland.
- (b) Excludes direct acquisition costs of \$27.8 million incurred during 2020, which are included in impairment, restructuring and other operating items, net, in our consolidated statement of profit or loss.

2019 Acquisition

De Vijver Media. Prior to June 3, 2019, Telenet owned a 50.0% equity method investment in De Vijver Media NV (**De Vijver Media**), which provides content production, broadcasting and advertising services in Belgium. On June 3, 2019, Telenet acquired the remaining 50.0% ownership interest in De Vijver Media (the **De Vijver Media Acquisition**) for cash consideration of €52.5 million (\$58.9 million at the transaction date) after post-closing adjustments. Immediately following this transaction, Telenet repaid in full De Vijver Media's €62.0 million (\$69.5 million at the transaction date) of outstanding third-party debt. In connection with the De Vijver Media Acquisition, we recognized a \$25.7 million gain during the second quarter of 2019, representing the difference between the fair value of \$57.9 million and carrying amount of our then-existing 50.0% ownership interest in De Vijver Media. This gain is included in other income (expense), net, in our consolidated statement of profit or loss.

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Pro Forma Information

The following unaudited pro forma consolidated operating results give effect to the Sunrise Acquisition as if it had been completed as of January 1, 2019. No effect has been given to the De Vijver Media Acquisition since it would not have had a significant impact on our results of operations during 2019 or 2018. These pro forma amounts are not necessarily indicative of the operating results that would have occurred if the Sunrise Acquisition had occurred on such date. The pro forma adjustments are based on certain assumptions that we believe are reasonable.

	Year ended December 31,	
	2020	2019
	in millions, except per share amounts	
Revenue	\$ 13,691.5	\$ 13,451.2
Net loss from continuing operations attributable to Liberty Global shareholders.....	\$ (1,997.0)	\$ (1,918.7)
Basic and diluted loss from continuing operations attributable to Liberty Global shareholders per share.....	\$ (3.32)	\$ (2.72)

Our consolidated statement of profit or loss for 2020 includes revenue and net loss of \$314.0 million and \$15.4 million, respectively, attributable to Sunrise.

(5) Dispositions

Pending Joint Venture Transaction

On May 7, 2020, we entered into a Contribution Agreement (the **Contribution Agreement**) with, among others, Telefonica SA (**Telefónica**). Pursuant to the Contribution Agreement, Liberty Global and Telefónica agreed to form a 50:50 joint venture (the **U.K. JV**), which will combine Virgin Media's operations in the U.K. along with certain other Liberty Global subsidiaries created as a result of the pending U.K. JV (together, the **U.K. JV Entities**) with Telefónica's mobile business in the U.K. to create a nationwide integrated communications provider. In our segment presentation, the U.K. JV Entities are included in our U.K./Ireland segment.

In connection with the transaction, we have completed certain recapitalization financings, as described in note 14. The outstanding third-party debt associated with the U.K. JV Entities will be contributed in full to the U.K. JV, and Telefónica's business in the U.K. will be contributed on a debt-free basis. The transaction will not trigger a change of control under Virgin Media's debt agreements.

Effectively all of Liberty Global's U.K. tax capital allowances and tax loss carryforwards, which primarily resulted from prior infrastructure investments, reside in the U.K. JV Entities and, therefore, will be available for use solely within the U.K. JV upon the closing of the transaction.

At closing, we expect to pay Telefónica an equalization payment estimated to be approximately £2.5 billion (\$3.4 billion), as adjusted for debt and debt-like items and certain working capital and other adjustments. After taking into account the recapitalizations and the equalization payment, Liberty Global is expected to receive an estimated £1.4 billion (\$1.9 billion) in total, including approximately £800 million (\$1.1 billion) from the recapitalization of our retained and 100.0% owned Ireland business.

Pursuant to the framework agreement that we expect to enter into in connection with the closing of the U.K. JV, our company and Telefónica will provide certain services to the U.K. JV. The annual charges to the U.K. JV will ultimately depend on the actual level of services required by the U.K. JV.

The U.K. JV intends to distribute available cash to the shareholders periodically and is expected to undertake periodic further recapitalizations, subject to market and operating conditions, to maintain a target net leverage ratio ranging between 4.0 and 5.0 times EBITDA (as defined in the applicable shareholders' agreement). Our company will retain the cash generated by the operations of the U.K. JV Entities through the closing date and is required to fund any deficit in the associated defined pension plans that arises from the next triennial actuarial valuation.

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The consummation of the transaction contemplated by the Contribution Agreement is subject to certain conditions, including competition clearance by the applicable regulatory authorities. The Contribution Agreement also includes customary termination rights, including a right of the parties to terminate the agreement if the transaction has not closed within 24 months following the date of the Contribution Agreement, which may be extended by six months under certain circumstances. We currently expect the U.K. JV transaction to close in mid-2021. Following completion of the transaction, we expect to account for our 50% interest in the U.K. JV as an equity method investment.

Effective with the signing of the Contribution Agreement, we began accounting for the U.K. JV Entities as held for sale. Accordingly, we ceased to depreciate or amortize the non-current assets of the U.K. JV Entities. We have not presented the U.K. JV Entities as a discontinued operation as this transaction does not represent a strategic shift that will have a major effect on our financial results or operations. The carrying amounts of the major classes of assets and liabilities that are classified as held for sale at December 31, 2020 are summarized below (in millions):

Assets:	
Property and equipment, net	\$ 8,320.8
Goodwill	7,918.5
Other assets, net	3,534.6
Current assets (a)	4,519.6
Total assets	<u>\$ 24,293.5</u>
Liabilities:	
Non-current debt and lease obligations	16,893.0
Other non-current liabilities	1,532.4
Current portion of debt and lease obligations	2,735.9
Other accrued and current liabilities	2,104.9
Total liabilities	<u>\$ 23,266.2</u>

- (a) Amount includes restricted cash, but excludes cash and cash equivalents, as the cash and cash equivalents of the U.K. JV Entities will be retained by Liberty Global upon the formation of the U.K. JV and are therefore not classified as held for sale.

Dispositions

Vodafone Disposal Group

On July 31, 2019, we completed the sale of our operations in Germany, Romania, Hungary and the Czech Republic to Vodafone. The operations of Germany, Romania, Hungary and the Czech Republic are collectively referred to herein as the “**Vodafone Disposal Group**.”

After considering debt and working capital adjustments (including cash disposed) and €183.7 million (\$205.8 million at the transaction date) of cash paid by our company to settle centrally-held vendor financing obligations associated with the Vodafone Disposal Group, we received net cash proceeds of €10.0 billion (\$11.1 billion at the applicable rates). Pursuant to the agreement underlying the sale of the Vodafone Disposal Group, we transferred cash to fund certain third-party escrow accounts (the **Vodafone Escrow Accounts**) pending the fulfillment by our company of certain terms of the agreement. The current and non-current portions of the receivables associated with the Vodafone Escrow Accounts are included in “other current assets” and “other assets, net”, respectively, in our consolidated statements of financial position. The aggregate balance of the Vodafone Escrow Accounts was \$190.4 million and \$295.2 million at December 31, 2020 and 2019, respectively.

In connection with the sale of the Vodafone Disposal Group, we recognized a gain of \$12.4 billion that includes cumulative foreign currency translation losses of \$31.6 million and income taxes of \$35.4 million.

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In connection with the sale of the Vodafone Disposal Group, we have agreed to provide certain transitional services to Vodafone for a period of up to four years. These services principally comprise network and information technology-related functions. During 2020 and 2019, we recorded revenue of \$152.6 million and \$63.1 million, respectively, associated with these transitional services. For information regarding certain tax indemnities we provided in connection with the sale of the Vodafone Disposal Group, see note 20.

A summary of the carrying amounts of the major classes of assets and liabilities of the Vodafone Disposal Group that were transferred to Vodafone in connection with the completion of the sale on July 31, 2019 is as follows (in millions):

Property and equipment, net	\$ 5,820.5
Goodwill	3,858.1
Other assets, net	1,026.9
Current assets other than cash	441.8
Non-current debt and lease obligations	(9,162.7)
Other non-current liabilities	(1,284.9)
Current portion of debt and lease obligations	(872.3)
Other accrued and current liabilities	(990.9)
Net assets	<u>\$ (1,163.5)</u>

UPC DTH

On May 2, 2019, we completed the sale of UPC DTH to M7 Group (**M7**). After considering debt and working capital adjustments (including cash disposed), we received net cash proceeds of €128.9 million (\$144.1 million at the applicable rates).

In connection with the sale of UPC DTH, we recognized a gain of \$120.5 million that includes cumulative foreign currency translation gains of \$4.5 million. No income taxes were required to be provided on this gain.

In connection with the sale of UPC DTH, we have agreed to provide certain transitional services to M7 for a period of up to two years. These services principally comprise network and information technology-related functions. During 2020 and 2019, we recorded revenue of \$1.9 million and \$1.4 million, respectively, associated with these transitional services.

A summary of the carrying amounts of the major classes of assets and liabilities of UPC DTH that were transferred to M7 in connection with the completion of the sale on May 2, 2019 is as follows (in millions):

Property and equipment, net	\$ 80.6
Other assets, net	7.6
Current assets other than cash	12.0
Other non-current liabilities	(35.3)
Current portion of debt and finance lease obligations	(6.1)
Other accrued and current liabilities	(28.0)
Net assets	<u>\$ 30.8</u>

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Presentation of Discontinued Operations

The operations of the Vodafone Disposal Group and UPC DTH are presented as discontinued operations in our consolidated financial statements for 2019 and are summarized in the following tables. These amounts exclude intercompany revenue and expenses that are eliminated within our consolidated statement of profit or loss. For information regarding our basic and diluted ordinary shares outstanding, see note 2.

	Vodafone Disposal Group (a)	UPC DTH (b)	Total
	in millions		
<i>Year ended December 31, 2019</i>			
Revenue.....	\$ 2,017.9	\$ 36.7	\$ 2,054.6
Operating profit.....	\$ 1,166.0	\$ 10.7	\$ 1,176.7
Profit before income taxes.....	\$ 998.0	\$ 9.5	\$ 1,007.5
Income tax expense.....	(275.8)	—	(275.8)
Net profit attributable to Liberty Global shareholders.....	\$ 722.2	\$ 9.5	\$ 731.7
Basic and diluted earnings from discontinued operations attributable to Liberty Global shareholders per share.....			\$ 1.04

(a) Includes the operating results of the Vodafone Disposal Group through July 31, 2019, the date the Vodafone Disposal Group was sold.

(b) Includes the operating results of UPC DTH through May 2, 2019, the date UPC DTH was sold.

(6) Non-Current Assets

A summary of our property and equipment, goodwill and intangible assets, net, at December 31, 2020 and 2019 is as follows:

	December 31,	
	2020	2019
	in millions	
Property and equipment, net	\$ 7,943.4	\$ 12,869.4
Goodwill	10,478.9	14,063.2
Intangible assets subject to amortization, net	4,500.0	2,184.1
Intangible assets not subject to amortization (a)	3.0	3.0
Total	\$ 22,925.3	\$ 29,119.7

(a) Intangible assets not subject to amortization are included in other assets, net, in our consolidated statements of financial position.

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Property and Equipment, Net

At December 31, 2020, the estimated useful life for assets categorized as distribution systems, customer premises equipment and support equipment, buildings and land was 3 to 30 years, 3 to 7 years and 2 to 40 years, respectively. Changes during 2020 in the carrying amounts of our property and equipment, net, are as follows:

	Distribution systems	Customer premises equipment	Support equipment, buildings and land	Total
	in millions			
Cost:				
January 1, 2020.....	\$ 19,149.3	\$ 4,308.3	\$ 2,827.4	\$ 26,285.0
Reclassification to assets held for sale.....	(11,716.3)	(2,639.3)	(1,685.9)	(16,041.5)
Additions from business combinations.....	995.7	118.2	1,257.5	2,371.4
Additions.....	1,187.7	544.8	277.6	2,010.1
Retirements and disposals.....	(233.1)	(704.1)	(173.2)	(1,110.4)
Impairment.....	(8.7)	(1.1)	(0.9)	(10.7)
Foreign currency translation adjustments and other.....	998.2	187.1	201.2	1,386.5
December 31, 2020.....	<u>\$ 10,372.8</u>	<u>\$ 1,813.9</u>	<u>\$ 2,703.7</u>	<u>\$ 14,890.4</u>
Accumulated depreciation:				
January 1, 2020.....	\$ (10,001.6)	\$ (2,297.4)	\$ (1,116.6)	\$ (13,415.6)
Reclassification to assets held for sale.....	5,905.7	1,113.8	653.6	7,673.1
Depreciation.....	(881.9)	(410.3)	(294.2)	(1,586.4)
Retirements and disposals.....	233.0	701.7	175.2	1,109.9
Foreign currency translation adjustments and other.....	(573.9)	(122.7)	(31.4)	(728.0)
December 31, 2020.....	<u>\$ (5,318.7)</u>	<u>\$ (1,014.9)</u>	<u>\$ (613.4)</u>	<u>\$ (6,947.0)</u>
Property and equipment, net:				
December 31, 2020.....	\$ 5,054.1	\$ 799.0	\$ 2,090.3	\$ 7,943.4

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Notes to Consolidated Financial Statements — (Continued)
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Changes during 2019 in the carrying amounts of our property and equipment, net, are as follows:

	Distribution systems	Customer premises equipment	Support equipment, buildings and land	Total
	in millions			
Cost:				
January 1, 2019.....	\$ 17,684.8	\$ 4,207.8	\$ 2,241.0	\$ 24,133.6
Additions.....	1,315.7	640.6	341.8	2,298.1
Retirements and disposals.....	(387.6)	(614.4)	(187.3)	(1,189.3)
Impact of adoption of IFRS 16.....	260.7	—	321.6	582.3
Impairment.....	(29.6)	(1.8)	(0.1)	(31.5)
Additions from business combinations.....	5.6	—	(4.5)	1.1
Foreign currency translation adjustments and other.....	299.7	76.1	114.9	490.7
December 31, 2019.....	<u>\$ 19,149.3</u>	<u>\$ 4,308.3</u>	<u>\$ 2,827.4</u>	<u>\$ 26,285.0</u>
Accumulated depreciation:				
January 1, 2019.....	\$ (8,775.0)	\$ (2,136.6)	\$ (927.4)	\$ (11,839.0)
Depreciation.....	(1,412.7)	(738.0)	(361.1)	(2,511.8)
Retirements and disposals.....	387.4	614.3	185.5	1,187.2
Foreign currency translation adjustments and other.....	(201.3)	(37.1)	(13.6)	(252.0)
December 31, 2019.....	<u>\$ (10,001.6)</u>	<u>\$ (2,297.4)</u>	<u>\$ (1,116.6)</u>	<u>\$ (13,415.6)</u>
Property and equipment, net:				
December 31, 2019.....	\$ 9,147.7	\$ 2,010.9	\$ 1,710.8	\$ 12,869.4

During 2020 and 2019, we recorded non-cash increases to our property and equipment related to vendor financing arrangements (including amounts related to the U.K. JV Entities) of \$1,371.1 million and \$1,727.0 million, respectively, which exclude related VAT of \$226.7 million and \$286.1 million, respectively, that was also financed by our vendors under these arrangements.

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Intangible Assets and Goodwill

At December 31, 2020, the estimated useful life for customer relationships, software and other intangibles subject to amortization was 5 to 11 years, 2 to 10 years and 2 to 15 years, respectively. Changes during 2020 in the carrying amounts of our intangible assets and goodwill are as follows:

	<u>Goodwill</u>	<u>Customer relationships</u>	<u>Software</u>	<u>Other</u>	<u>Intangible assets not subject to amortization</u>	<u>Total</u>
	in millions					
Cost:						
January 1, 2020.....	\$ 14,063.2	\$ 3,653.9	\$ 3,155.7	\$ 681.1	\$ 3.0	\$ 21,556.9
Reclassification to assets held for sale...	(7,940.3)	(866.9)	(907.1)	(44.5)	—	(9,758.8)
Additions from business combinations..	3,472.8	2,051.1	576.5	41.3	—	6,141.7
Retirements and disposals.....	—	(2,474.3)	(290.8)	(13.9)	—	(2,779.0)
Additions.....	—	—	791.8	84.9	—	876.7
Impairments.....	(3.2)	—	(0.1)	—	—	(3.3)
Foreign currency translation adjustments and other.....	886.4	62.8	396.4	65.2	—	1,410.8
December 31, 2020.....	<u>\$ 10,478.9</u>	<u>\$ 2,426.6</u>	<u>\$ 3,722.4</u>	<u>\$ 814.1</u>	<u>\$ 3.0</u>	<u>\$ 17,445.0</u>
Accumulated amortization:						
January 1, 2020.....	\$ —	\$ (3,363.6)	\$ (1,605.6)	\$ (337.4)	\$ —	\$ (5,306.6)
Retirements and disposals.....	—	2,474.3	287.0	13.9	—	2,775.2
Reclassification to assets held for sale...	—	739.4	429.0	13.7	—	1,182.1
Amortization.....	—	(134.8)	(686.2)	(109.8)	—	(930.8)
Foreign currency translation adjustments and other.....	—	38.3	(179.0)	(42.3)	—	(183.0)
December 31, 2020.....	<u>\$ —</u>	<u>\$ (246.4)</u>	<u>\$ (1,754.8)</u>	<u>\$ (461.9)</u>	<u>\$ —</u>	<u>\$ (2,463.1)</u>
Intangible assets, net:						
December 31, 2020.....	<u>\$ 10,478.9</u>	<u>\$ 2,180.2</u>	<u>\$ 1,967.6</u>	<u>\$ 352.2</u>	<u>\$ 3.0</u>	<u>\$ 14,981.9</u>

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Notes to Consolidated Financial Statements — (Continued)
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Changes during 2019 in the carrying amounts of our intangible assets and goodwill are as follows:

	<u>Goodwill</u>	<u>Customer relationships</u>	<u>Software</u>	<u>Other</u>	<u>Intangible assets not subject to amortization</u>	<u>Total</u>
	in millions					
Cost:						
January 1, 2019.....	\$ 13,727.1	\$ 3,673.1	\$ 2,960.5	\$ 557.6	\$ 3.0	\$ 20,921.3
Additions.....	—	—	648.0	50.1	—	698.1
Retirements and disposals.....	—	(162.5)	(478.4)	(18.5)	—	(659.4)
Additions from business combinations.....	48.7	20.2	20.3	91.9	—	181.1
Impairments.....	—	—	(2.7)	—	—	(2.7)
Foreign currency translation adjustments and other.....	287.4	123.1	8.0	—	—	418.5
December 31, 2019.....	<u>\$ 14,063.2</u>	<u>\$ 3,653.9</u>	<u>\$ 3,155.7</u>	<u>\$ 681.1</u>	<u>\$ 3.0</u>	<u>\$ 21,556.9</u>
Accumulated amortization:						
January 1, 2019.....	\$ —	\$ (2,914.2)	\$ (1,328.5)	\$ (269.1)	\$ —	\$ (4,511.8)
Amortization.....	—	(491.1)	(754.0)	(85.6)	—	(1,330.7)
Retirements and disposals.....	—	162.5	478.4	18.5	—	659.4
Foreign currency translation adjustments and other.....	—	(120.8)	(1.5)	(1.2)	—	(123.5)
December 31, 2019.....	<u>\$ —</u>	<u>\$ (3,363.6)</u>	<u>\$ (1,605.6)</u>	<u>\$ (337.4)</u>	<u>\$ —</u>	<u>\$ (5,306.6)</u>
Intangible assets, net:						
December 31, 2019.....	<u>\$ 14,063.2</u>	<u>\$ 290.3</u>	<u>\$ 1,550.1</u>	<u>\$ 343.7</u>	<u>\$ 3.0</u>	<u>\$ 16,250.3</u>

Amortization of intangible assets is included in general and administrative expenses in our consolidated statements of profit or loss.

The details of the carrying amount of our goodwill as of December 31, 2020 are as follows (in millions):

Switzerland.....	\$ 6,816.0
Belgium.....	2,795.8
Central and Eastern Europe.....	570.2
Ireland.....	296.3
Central and Corporate.....	0.6
Total.....	<u>\$ 10,478.9</u>

Goodwill and other intangible assets with indefinite useful lives are not amortized, but instead are tested for impairment at least annually. We evaluate the recoverable amount of each of our CGUs, using a fair value less costs to sell method. For each of our CGUs other than Belgium, our estimate of the recoverable amount is based primarily on observable EBITDA multiples for recent transactions and publicly-traded peer companies, which are Level 2 inputs in the fair value hierarchy. With respect to our evaluation of our CGU in Belgium, we compare the carrying value of our investment in Telenet to its fair value based on the quoted market price of Telenet's publicly-traded stock as of the measurement date, which is a Level 1 input in the fair value hierarchy. Based on the results of our 2020 quantitative goodwill impairment assessment, we determined that fair value exceeded carrying value for all of our CGUs.

If, among other factors, (i) our equity values were to decline or (ii) the adverse impacts of economic, competitive, regulatory or other factors were to cause our results of operations or cash flows to be worse than anticipated, we could conclude

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Notes to Consolidated Financial Statements — (Continued)
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in future periods that impairment charges are required in order to reduce the carrying values of our goodwill and, to a lesser extent, other non-current assets. Any such impairment charges could be significant.

Land and buildings

The details of our land and buildings are set forth below:

	December 31,	
	2020	2019
	in millions	
Freehold	\$ 125.3	\$ 125.1
Long leasehold (a)	100.7	105.4
Total	<u>\$ 226.0</u>	<u>\$ 230.5</u>

(a) Represents property and equipment subject to leases with an initial term of 50 years or more.

(7) Investments

The details of our investments are set forth below:

Accounting Method	December 31,	
	2020	2019
	in millions	
Equity (a):		
Non-current:		
VodafoneZiggo JV (b)	\$ 3,052.3	\$ 3,154.6
All3Media Group (All3Media)	157.7	166.6
Formula E Holdings Ltd (Formula E)	105.8	105.2
Other	213.8	62.4
Total — equity	<u>3,529.6</u>	<u>3,488.8</u>
Fair value:		
Non-current:		
ITV plc (ITV) — subject to re-use rights (c)	581.0	798.1
Separately-managed accounts (SMAs) (d)	365.7	—
Skillz Inc. (Skillz) (e)	225.4	10.2
Univision Holdings Inc. (Univision)	100.0	—
CANAL+ Polska S.A. (CANAL+ Polska) - formerly known as ITI Neovision S.A.	92.3	122.4
EdgeConneX Inc. (EdgeConneX) (e)	75.1	34.4
Lions Gate Entertainment Corp (Lionsgate) (f)	72.0	68.0
Other (g)	268.1	226.0
Current:		
SMAs (d)	1,600.2	—
Total — fair value	<u>3,379.8</u>	<u>1,259.1</u>
Total investments (h)	<u>\$ 6,909.4</u>	<u>\$ 4,747.9</u>
Non-current investments	<u>\$ 5,309.2</u>	<u>\$ 4,747.9</u>
Current investments	<u>\$ 1,600.2</u>	<u>\$ —</u>

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- (a) Our equity method investments are originally recorded at cost and are adjusted to recognize our share of net profit or loss of the affiliates as they occur rather than as dividends or other distributions are received, with our recognition of losses generally limited to the extent of our investment in, and advances and commitments to, the investee. Accordingly, the carrying values of our equity method investments may not equal the respective fair values. At December 31, 2020 and 2019, the aggregate carrying amounts of our equity method investments exceeded our proportionate share of the respective investee's net assets by \$1,198.5 million and \$1,015.3 million, respectively, which include net amounts associated with the VodafoneZiggo JV Receivables, as defined below, and amounts we are owed under a non-current note receivable from All3Media. The aforementioned receivables are shown net of applicable allowances.
- (b) Amounts include certain notes receivable due from a subsidiary of the VodafoneZiggo JV to a subsidiary of Liberty Global comprising (i) a euro-denominated note receivable with a principal amount of \$855.8 million and \$786.1 million, respectively (the **VodafoneZiggo JV Receivable I**), and (ii) a euro-denominated note receivable entered into during the third quarter of 2020 with a principal amount of \$127.1 million at December 31, 2020 (the **VodafoneZiggo JV Receivable II** and, together with the VodafoneZiggo JV Receivable I, the **VodafoneZiggo JV Receivables**). The VodafoneZiggo JV Receivable I, as amended in June 2020, and the VodafoneZiggo JV Receivable II each bear interest at 5.55% and have a final maturity date of December 31, 2030. In 2019, we received a €100.0 million principal payment on the VodafoneZiggo JV Receivable I (\$112.1 million at the respective transaction date). During 2020, interest accrued on the VodafoneZiggo JV Receivables was \$48.0 million, all of which was cash settled.
- (c) In connection with our investment in ITV, we entered into a share collar (the **ITV Collar**) with respect to the ITV shares held by our company. The aggregate purchase price paid to acquire our investment in ITV was financed through borrowings under a secured borrowing agreement (the **ITV Collar Loan**). We may elect to use cash or the collective value of the related shares and equity-related derivative instrument to settle the ITV Collar Loan. During 2020, we cash settled a portion of the ITV Collar Loan and unwound the associated portion of the ITV Collar, as further described in note 8.
- (d) Represents investments held under SMAs, which are maintained by investments managers acting as agents on our behalf. We classify, measure and report these investments, the composition of which may change from time to time, based on the underlying nature and characteristics of each security held under the SMAs. As of December 31, 2020, all of our investments held under SMAs were classified as available-for-sale debt securities, as further described in note 2. At December 31, 2020, interest accrued on our debt securities, which is included in other current assets in our consolidated statement of financial position, was \$7.1 million.
- (e) At December 31, 2020, the fair values of our investments in Skillz and EdgeConneX reflect the merger of Skillz with Flying Eagle Acquisition Corporation and EdgeConneX with Herndon Merger Sub Inc, each completed during 2020.
- (f) In connection with our investment in Lionsgate, we previously entered into (i) the Lionsgate Forward (as defined in note 8) and (ii) a related borrowing agreement (the **Lionsgate Loan**), each of which were fully settled during 2020, as further described in note 8.
- (g) As of December 31, 2020, we hold a \$9.7 million noncontrolling junior interest in receivables we have securitized.
- (h) The purchase and sale of investments are presented on a gross basis in our consolidated statements of cash flows, including those made by investment managers acting as agents on our behalf.

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December 31, 2020 and 2019

Equity Method Investments

Details of our equity method investments at December 31, 2020 are set forth below:

	Country of incorporation	Parent ownership %	Group ownership %	Holdings
VodafoneZiggo JV	Netherlands	—%	50.0%	Shares
All3Media	U.K.	—%	50.0%	Shares
Formula E	China	—%	32.9%	Shares
Other	Various	—%	Various	Various

The following table sets forth the details of our share of results of affiliates, net:

	Year ended December 31,	
	2020	2019
	in millions	
VodafoneZiggo JV (a)	\$ (201.1)	\$ (185.9)
All3Media	(27.9)	(8.8)
Formula E	(8.4)	1.7
Other	(13.6)	(3.1)
Total	<u>\$ (251.0)</u>	<u>\$ (196.1)</u>

- (a) Amounts include the net effect of (i) our 50% share of the results of operations of the VodafoneZiggo JV and (ii) 100% of the interest income earned on the VodafoneZiggo JV Receivables.

VodafoneZiggo JV. Each of Liberty Global and Vodafone (each a “**Shareholder**”) holds 50% of the issued share capital of the VodafoneZiggo JV. The Shareholders intend for the VodafoneZiggo JV to be funded solely from its net cash flow from operations and third-party financing. We account for our 50% interest in the VodafoneZiggo JV as an equity method investment. We consider the VodafoneZiggo JV to be a related party.

In connection with the formation of the VodafoneZiggo JV, the Shareholders entered into a shareholders agreement (the **Shareholders Agreement**). The Shareholders Agreement contains customary provisions for the governance of a 50:50 joint venture that result in Liberty Global and Vodafone having joint control over decision making with respect to the VodafoneZiggo JV.

The Shareholders Agreement also provides (i) for a dividend policy that requires the VodafoneZiggo JV to distribute all unrestricted cash to the Shareholders every two months (subject to the VodafoneZiggo JV maintaining a minimum amount of cash and complying with the terms of its financing arrangements) and (ii) that the VodafoneZiggo JV will be managed with a leverage ratio of between 4.5 and 5.0 times EBITDA (as calculated pursuant to its existing financing arrangements) with the VodafoneZiggo JV undertaking periodic recapitalizations and/or refinancings accordingly. During 2020 and 2019, we received dividend distributions from the VodafoneZiggo JV of \$249.5 million and \$162.7 million, respectively, which were accounted for as returns on capital for purposes of our consolidated statements of cash flows.

Each Shareholder has the right to initiate an initial public offering (**IPO**) of the VodafoneZiggo JV with the opportunity for the other Shareholder to sell shares in the IPO on a pro rata basis. As of January 1, 2021, each Shareholder has the right to initiate a sale of all of its interest in the VodafoneZiggo JV to a third party and, under certain circumstances, initiate a sale of the entire VodafoneZiggo JV, subject, in each case, to a right of first offer in favor of the other Shareholder.

Pursuant to an agreement (the **Framework Agreement**), Liberty Global provides certain services to the VodafoneZiggo JV (collectively, the **JV Services**). The JV Services provided by Liberty Global consist primarily of (i) technology and other services and (ii) capital-related expenditures for assets that will be used by, or will otherwise benefit, the VodafoneZiggo JV.

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Liberty Global charges both fixed and usage-based fees to the VodafoneZiggo JV for the JV Services provided during the term of the Framework Agreement. During 2020 and 2019, we recorded revenue from the VodafoneZiggo JV of \$178.9 million and \$189.1 million, respectively, primarily related to (a) the JV Services and (b) sales of customer premises equipment at a mark-up. In addition, during 2019, we purchased certain assets on the VodafoneZiggo JV's behalf with an aggregate cost of \$14.4 million. At December 31, 2020 and 2019, \$27.4 million and \$19.3 million, respectively, were due from the VodafoneZiggo JV related to the aforementioned transactions. The amounts due from the VodafoneZiggo JV, which are periodically cash settled, are included in other current assets in our statements of financial position.

The summarized results of operations of the VodafoneZiggo JV are set forth below:

	Year ended December 31,	
	2020	2019
	in millions	
Revenue	\$ 4,565.4	\$ 4,407.8
Depreciation and amortization	\$ (1,871.4)	\$ (1,822.1)
Interest expense	\$ (598.6)	\$ (647.3)
Loss before income taxes	\$ (287.2)	\$ (512.5)
Income tax benefit (expense)	(161.5)	42.5
Net loss	\$ (448.7)	\$ (470.0)

The summarized financial position of the VodafoneZiggo JV is set forth below:

	December 31,	
	2020	2019
	in millions	
Non-current assets	\$ 22,563.6	\$ 21,508.1
Current assets (a)	1,067.2	918.4
Total assets	\$ 23,630.8	\$ 22,426.5
Equity	\$ 4,212.3	\$ 4,779.4
Non-current liabilities (b)	16,450.8	14,920.7
Current liabilities (c)	2,967.7	2,726.4
Total equity and liabilities	\$ 23,630.8	\$ 22,426.5

- (a) Amounts include cash and cash equivalents of \$367.9 million and \$229.4 million, respectively.
- (b) Amounts include non-current debt and lease obligations of \$13,590.9 million and \$12,721.9 million, respectively.
- (c) Amounts include current debt and lease obligations of \$1,414.3 million and \$1,295.9 million, respectively.

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Fair Value Investments

Details of our fair value investments at December 31, 2020 are set forth below:

	Country of incorporation	Parent ownership %	Group ownership %	Holdings
ITV	U.K.	—%	9.9%	Ordinary shares
Skillz	U.S.	—%	3.0%	Common shares
Univision	U.S.	—%	11.5%	Preferred shares
CANAL+ Polska	Poland	—%	17.0%	Shares
EdgeConneX	U.S.	—%	5.1%	Shares
Lionsgate	Canada	—%	3.0%	Common shares
Other	Various	—%	Various	Various

The following table sets forth the details of our realized and unrealized gains due to changes in fair values of certain investments, net:

	Year ended December 31,	
	2020	2019
	in millions	
Skillz	\$ 238.0	\$ 1.1
ITV	(217.1)	163.9
EdgeConneX	33.1	—
CANAL+ Polska	(26.3)	2.7
SMAs	5.2	—
Lionsgate	4.0	(25.0)
Other, net	(32.4)	(47.5)
Total	<u>\$ 4.5</u>	<u>\$ 95.2</u>

Debt Securities

The following table sets forth the details of our debt securities, which comprise all of our investment held under SMAs, as of and for the year ended December 31, 2020:

	Amortized cost basis	Unrealized gains	Fair Value
	in millions		
Corporate debt securities	\$ 713.2	\$ 2.3	\$ 715.5
Commercial paper	523.7	0.6	524.3
Government bonds	474.8	0.2	475.0
Certificates of deposit	251.0	0.1	251.1
Total debt securities	<u>\$ 1,962.7</u>	<u>\$ 3.2</u>	<u>\$ 1,965.9</u>

During 2020, we received proceeds from the sale of debt securities of \$6.0 billion, the majority of which were reinvested in new debt securities held under SMAs. The sale of debt securities during 2020 resulted in a net gain of \$2.0 million.

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The fair values of our debt securities as of December 31, 2020 by contractual maturity are shown below (in millions):

Due in one year or less.....	\$ 1,600.2
Due in one to five years.....	359.3
Due in five to ten years.....	6.4
Total (a).....	<u>\$ 1,965.9</u>

(a) The weighted average life of our total debt securities was 0.5 years as of December 31, 2020.

(8) Derivative Instruments

In general, we enter into derivative instruments to protect against (i) increases in the interest rates on our variable-rate debt, (ii) foreign currency movements, particularly with respect to borrowings that are denominated in a currency other than the functional currency of the borrowing entity, and (iii) decreases in the market prices of certain publicly traded securities that we own. In this regard, through our subsidiaries, we have entered into various derivative instruments to manage interest rate exposure and foreign currency exposure primarily with respect to the U.S. dollar (\$), the euro (€), the British pound sterling (£), the Swiss franc (CHF) and the Polish zloty (PLN). Generally, we do not apply hedge accounting to our derivative instruments. Accordingly, changes in the fair values of most of our derivative instruments are recorded in realized and unrealized gains or losses on derivative instruments, net, in our consolidated statements of profit or loss.

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

	December 31, 2020			December 31, 2019		
	Current	Non-current	Total	Current	Non-current	Total
	in millions					
Assets (a):						
Cross-currency and interest rate derivative contracts (b)	\$ 148.8	\$ 418.4	\$ 567.2	\$ 270.8	\$ 886.4	\$ 1,157.2
Equity-related derivative instruments (c)	49.3	231.6	280.9	55.2	608.2	663.4
Foreign currency forward and option contracts	36.5	0.1	36.6	4.6	1.4	6.0
Other	—	0.1	0.1	0.5	0.4	0.9
Total	\$ 234.6	\$ 650.2	\$ 884.8	\$ 331.1	\$ 1,496.4	\$ 1,827.5
Liabilities (a):						
Cross-currency and interest rate derivative contracts (b)	\$ 171.2	\$ 1,364.1	\$ 1,535.3	\$ 389.2	\$ 1,192.3	\$ 1,581.5
Foreign currency forward and option contracts	81.5	—	81.5	1.2	—	1.2
Total	\$ 252.7	\$ 1,364.1	\$ 1,616.8	\$ 390.4	\$ 1,192.3	\$ 1,582.7

- (a) Our non-current derivative assets, current derivative assets and non-current derivative liabilities are included in other assets, net, other current assets and other non-current liabilities, respectively, in our consolidated statements of financial position.
- (b) 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 within each of our subsidiary borrowing groups (as defined and described in note 14). The changes in the credit risk valuation adjustments associated with our cross-currency and interest rate derivative contracts resulted in net gains of \$336.0 million and \$16.6 million during 2020 and 2019, respectively. These amounts are included in net finance costs in our consolidated statements of profit or loss. For further information regarding our fair value measurements, see note 9.

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- (c) Our equity-related derivative instruments primarily include the ITV Collar, and as of December 31, 2019, the Lionsgate Forward (as defined and described below). The fair value of the ITV Collar does not include credit risk valuation adjustments as we assume that any losses incurred by our company in the event of nonperformance by the respective counterparty would be, subject to relevant insolvency laws, fully offset against amounts we owe to such counterparty pursuant to the related secured borrowing arrangement.

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

	Year ended December 31,	
	2020	2019
	in millions	
Cross-currency and interest rate derivative contracts	\$ (1,184.3)	\$ (207.3)
Equity-related derivative instruments:		
ITV Collar	364.2	(84.4)
Lionsgate Forward	0.8	13.0
Other	21.7	8.0
Total equity-related derivative instruments	386.7	(63.4)
Foreign currency forward and option contracts	(81.1)	77.4
Other	(0.6)	1.3
Total	<u>\$ (879.3)</u>	<u>\$ (192.0)</u>

The net cash received or paid related to our derivative instruments is classified as an operating, investing or financing activity in our consolidated 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 inflows of our derivative instruments:

	Year ended December 31,	
	2020	2019
	in millions	
Operating activities	\$ (55.9)	\$ 179.0
Investing activities	(39.8)	—
Financing activities	129.1	331.5
Total	<u>\$ 33.4</u>	<u>\$ 510.5</u>

Counterparty Credit Risk

We are exposed to the risk that the counterparties to the derivative instruments of our subsidiary borrowing groups 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 December 31, 2020, our exposure to counterparty credit risk included derivative assets with an aggregate fair value of \$83.2 million.

Each of our subsidiary borrowing groups have entered into derivative instruments under master agreements with each counterparty that contain master netting arrangements that are applicable in the event of early termination by either party to such derivative instrument. The master netting arrangements are limited to the derivative instruments and derivative-related

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debt instruments, governed by the relevant master agreement within each individual borrowing group and are independent of similar arrangements of our other subsidiary borrowing groups.

Under our derivative contracts, it is generally only the non-defaulting party that has a contractual option to exercise early termination rights upon the default of the other counterparty and to set off other liabilities against sums due upon such termination. However, in an insolvency of a derivative counterparty, under the laws of certain jurisdictions, the defaulting counterparty or its insolvency representatives may be able to compel the termination of one or more derivative contracts and trigger early termination payment liabilities payable by us, reflecting any mark-to-market value of the contracts for the counterparty. Alternatively, or in addition, the insolvency laws of certain jurisdictions may require the mandatory set off of amounts due under such derivative contracts against present and future liabilities owed to us under other contracts between us and the relevant counterparty. Accordingly, it is possible that we may be subject to obligations to make payments, or may have present or future liabilities owed to us partially or fully discharged by set off as a result of such obligations, in the event of the insolvency of a derivative counterparty, even though it is the counterparty that is in default and not us. To the extent that we are required to make such payments, our ability to do so will depend on our liquidity and capital resources at the time. In an insolvency of a defaulting counterparty, we will be an unsecured creditor in respect of any amount owed to us by the defaulting counterparty, except to the extent of the value of any collateral we have obtained from that counterparty.

In addition, where a counterparty is in financial difficulty, under the laws of certain jurisdictions, the relevant regulators may be able to (i) compel the termination of one or more derivative instruments, determine the settlement amount and/or compel, without any payment, the partial or full discharge of liabilities arising from such early termination that are payable by the relevant counterparty or (ii) transfer the derivative instruments to an alternative counterparty.

Details of our Derivative Instruments

Cross-currency Derivative Contracts

We generally match the denomination of our subsidiaries' 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 December 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 December 31, 2020:

	<u>Notional amount due from counterparty</u>		<u>Notional amount due to counterparty</u>		<u>Weighted average remaining life</u>
	in millions				in years
UPC Holding	\$	360.0	€	267.9	4.8
	\$	4,200.0	CHF	3,838.7	(a)(b) 7.0
	€	3,418.3	CHF	3,802.7	(a)(b) 4.7
	€	707.0	PLN	2,999.5	3.4
	CHF	740.0	€	701.1	2.0
Telenet	\$	3,940.0	€	3,489.6	(a) 6.1
	€	45.2	\$	50.0	(c) 4.1

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

(b) Includes amounts subject to a 0.0% floor.

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- (c) Includes certain derivative instruments that do not involve the exchange of notional amounts at the inception and maturity of the instruments. Accordingly, the only cash flows associated with these derivative instruments are coupon-related payments and receipts. At December 31, 2020, the total U.S. dollar equivalent of the notional amount of these derivative instruments was \$55.2 million.

Interest Rate Swap Contracts

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

	Pays fixed rate		Receives fixed rate	
	Notional amount in millions	Weighted average remaining life in years	Notional amount in millions	Weighted average remaining life in years
UPC Holding	\$ 11,053.1 (a)	3.5	\$ 4,970.4	4.9
Telenet	\$ 3,526.3 (a)	4.2	\$ 1,744.7	2.7
Other	\$ 104.4	3.0	\$ —	—

- (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 December 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. The following table sets forth the total U.S. dollar equivalents of the notional amounts and related weighted average remaining contractual lives of our basis swap contracts at December 31, 2020:

	Notional amount due from counterparty in millions	Weighted average remaining life in years
UPC Holding	\$ 3,300.0 (a)	0.6
Telenet	\$ 2,295.0 (a)	1.0
Other	\$ 104.4	(b)

- (a) Includes amounts subject to a 0.0% floor.

- (b) Contractual life expired on January 15, 2021.

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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 December 31, 2020, we had no interest rate collar agreements, and the total U.S. dollar equivalents of the notional amounts of our purchased interest rate caps and floors were \$489.0 million and \$7,930.2 million, respectively.

Impact of Derivative Instruments on Borrowing Costs

The impact of the derivative instruments that mitigate our foreign currency and interest rate risk, as described above, on our borrowing costs is as follows:

	Increase to borrowing costs at December 31, 2020 (a)
UPC Holding	0.42 %
Telenet	0.33 %
Total increase to borrowing costs	0.38 %

- (a) Represents the effect of derivative instruments in effect at December 31, 2020 and does not include forward-starting derivative instruments.

Foreign Currency Forwards and Options

Certain of our subsidiaries enter into foreign currency forward and option contracts with respect to non-functional currency exposure. As of December 31, 2020, the total U.S. dollar equivalent of the notional amounts of our foreign currency forward and option contracts was \$2.4 billion.

Equity-related Derivative Instruments

ITV Collar and Secured Borrowing. The ITV Collar comprises (i) purchased put options exercisable by our company and (ii) written call options exercisable by the counterparty. The ITV Collar effectively hedges a portion of the value of our investment in ITV shares from losses due to market price decreases below the put option price while retaining a portion of the gains from market price increases up to the call option price. The ITV Collar has settlement dates ranging through 2022.

The ITV Collar and related borrowing agreement also provide our company with the ability to borrow against the value of its ITV shares. At December 31, 2020, certain of the ITV shares our company holds remain subject to the ITV Collar, which are held in a custody account and are pledged under the ITV Collar Loan. The ITV Collar Loan, which has maturity dates consistent with the ITV Collar and contains no financial covenants, provides for customary representations and warranties, events of default and certain adjustment and termination events. Under the terms of the ITV Collar, the counterparty has the right to re-use the pledged ITV shares held in the custody account, but we have the right to recall the shares that are re-used by the counterparty subject to certain costs. In addition, the counterparty retains dividends on the ITV shares that the counterparty would need to borrow from the custody account to hedge its exposure under the ITV Collar. During 2020, we cash settled a portion of the ITV Collar Loan and unwound the associated portion of the ITV Collar. As of December 31, 2020, the fair value of the ITV Collar was a net asset of \$252.6 million and principal borrowings outstanding under the ITV Collar Loan were \$415.9 million.

Lionsgate Forward and Secured Borrowing. During 2020, we cash settled the remaining tranches of a prepaid forward (the **Lionsgate Forward**) with respect to 833,333 of our voting and 833,334 of our non-voting Lionsgate shares and the related borrowings under the Lionsgate Loan. Accordingly, at December 31, 2020, the Lionsgate Forward and the Lionsgate Loan had been fully settled. For additional information regarding our investments in ITV and Lionsgate see note 7.

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(9) Fair Value Measurements

We use the fair value method to account for (i) certain of our investments, (ii) our derivative instruments and (iii) certain instruments that we classify as debt. The reported fair values of these investments and instruments as of December 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.

We use 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. During the fourth quarter of 2020, (i) our investment in Skillz transferred from Level 3 to Level 1 in connection with an initial public offering that was completed subsequent to Skillz's merger with Flying Eagle Corporation, (ii) our investment in CANAL+ Polska transferred from Level 3 to Level 2 in connection with an attempted initial public offering and (iii) certain probability weighted, deal contingent cross-currency, interest rate and foreign currency derivative contracts entered into in connection with the Sunrise Acquisition moved from Level 3 to Level 2 upon the completion of the acquisition.

All of our Level 2 inputs (interest rate futures, swap rates and certain of the inputs for our weighted average cost of capital calculations) and certain of our Level 3 inputs (forecasted volatilities and credit spreads) are obtained from pricing services. These inputs, or interpolations or extrapolations thereof, are used in our internal models to calculate, among other items, yield curves, forward interest and currency rates and weighted average cost of capital rates. In the normal course of business, we receive market value assessments from the counterparties to our derivative contracts. Although we compare these assessments to our internal valuations and investigate unexpected differences, we do not otherwise rely on counterparty quotes to determine the fair values of our derivative instruments. The midpoints of applicable bid and ask ranges generally are used as inputs for our internal valuations.

For our investments in publicly-traded companies, the recurring fair value measurements are based on the quoted closing price of the respective shares at each reporting date. Accordingly, the valuations of these investments fall under Level 1 of the fair value hierarchy. Our other investments that we account for at fair value are privately-held companies, and therefore, quoted market prices are unavailable. The valuation technique we use for such investments is a combination of an income approach (discounted cash flow model based on forecasts) and a market approach (market multiples of similar businesses). With the exception of certain inputs for our weighted average cost of capital calculations that are derived from pricing services, the inputs used to value these investments are based on unobservable inputs derived from our assumptions. Therefore, the valuation of our privately-held investments falls under Level 3 of the fair value hierarchy. Any reasonably foreseeable changes in assumed levels of unobservable inputs for the valuations of our Level 3 investments would not be expected to have a material impact on our financial position or results of operations.

The recurring fair value measurement of our equity-related derivative instruments are based on standard option pricing models, which require the input of observable and unobservable variables such as exchange-traded equity prices, risk-free interest rates, dividend forecasts and forecasted volatilities of the underlying equity securities. The valuations of our equity-related derivative instruments are based on a combination of Level 1 inputs (exchange-traded equity prices), Level 2 inputs (interest rate futures and swap rates) and Level 3 inputs (forecasted volatilities). As changes in volatilities could have a significant impact on the overall valuations over the terms of the derivative instruments, we have determined that these valuations fall under Level 3 of the fair value hierarchy. At December 31, 2020, our equity-related derivatives were not significantly impacted by forecasted volatilities.

In order to manage our interest rate and foreign currency exchange risk, we have entered into (i) various derivative instruments and (ii) certain instruments that we classify as debt, as further described in notes 8 and 14, respectively. The recurring fair value measurements of these instruments are determined using discounted cash flow models. With the exception of the inputs for certain swaptions, most of the inputs to these discounted cash flow models consist of, or are derived from, observable Level 2 data for substantially the full term of these instruments. This observable data mostly includes currency rates, interest rate futures and swap rates, which are retrieved or derived from available market data. Although we may extrapolate or interpolate this data, we do not otherwise alter this data in performing our valuations. 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

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nonperformance risk and the nonperformance risk of our counterparties. The inputs used for our credit risk valuations, including our and our counterparties' credit spreads, represent our most significant Level 3 inputs, and these inputs are used to derive the credit risk valuation adjustments with respect to these instruments. As we would not expect these parameters to have a significant impact on the valuations of these instruments, we have determined that these valuations (other than the valuations of the aforementioned swaptions) fall under Level 2 of the fair value hierarchy. Due to the lack of Level 2 inputs for the swaption valuations, we believe these valuations fall under Level 3 of the fair value hierarchy. Our credit risk valuation adjustments with respect to our cross-currency and interest rate swaps are quantified and further explained in note 8.

Fair value measurements are also used in connection with nonrecurring valuations performed in connection with acquisition accounting and impairment assessments. The nonrecurring valuations associated with acquisition accounting primarily include the valuation of cash-generating units, customer relationship and other intangible assets and property and equipment. The valuation of customer relationships is primarily based on an excess earnings methodology, which is a form of a discounted cash flow analysis. The excess earnings methodology requires us to estimate the specific cash flows expected from the customer relationship, considering such factors as estimated customer life, the revenue expected to be generated over the life of the customer relationship, contributory asset charges and other factors. Tangible assets are typically valued using a replacement or reproduction cost approach, considering factors such as current prices of the same or similar equipment, the age of the equipment and economic obsolescence. Most of our nonrecurring valuations use significant unobservable inputs and therefore fall under Level 3 of the fair value hierarchy. During 2020, we performed a nonrecurring fair value measurement associated with the Sunrise Acquisition. The weighted average discount rate used in the preliminary valuation of the customer relationships acquired in connection with the Sunrise Acquisition was 6.75%. During 2019, we performed a nonrecurring fair value measurement associated with the De Vijver Media Acquisition. This valuation had no significant impact in our consolidated statement of financial position at December 31, 2019. For information regarding our acquisitions, see note 5.

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The fair values of financial assets and liabilities, together with the carrying amounts shown in our consolidated statements of financial position are as follows:

	Category under IFRS 9 (a)	December 31, 2020		December 31, 2019	
		Carrying amount	Fair value	Carrying amount	Fair value
		in millions			
Assets carried at fair value:					
Derivative financial instruments.....	III	\$ 884.8	\$ 884.8	\$ 1,827.5	\$ 1,827.5
Investments.....	III	3,379.8	3,379.8	1,259.1	1,259.1
Total assets carried at fair value.....		<u>\$ 4,264.6</u>	<u>\$ 4,264.6</u>	<u>\$ 3,086.6</u>	<u>\$ 3,086.6</u>
Assets carried at cost or amortized cost:					
Investments.....	I	\$ 3,529.6	(b)	\$ 3,488.8	(b)
Restricted cash.....	I	3,390.1	\$ 3,390.1	38.5	\$ 38.5
Trade receivables, net.....	I	1,090.7	1,090.7	1,405.4	1,405.4
Cash and cash equivalents.....	I	1,327.2	1,327.2	8,142.4	8,142.4
Total assets carried at cost or amortized cost.....		<u>\$ 9,337.6</u>		<u>\$13,075.1</u>	
Liabilities carried at fair value:					
Debt obligations.....	III	\$ —	\$ —	\$ 45.6	\$ 45.6
Derivative financial instruments.....	III	1,616.8	1,616.8	1,582.7	1,582.7
Total liabilities carried at fair value.....		<u>\$ 1,616.8</u>	<u>\$ 1,616.8</u>	<u>\$ 1,628.3</u>	<u>\$ 1,628.3</u>
Liabilities carried at cost or amortized cost:					
Debt obligations.....	I	\$ 14,585.6	\$ 14,736.8	\$27,843.4	\$28,360.9
Accounts payable.....	I	618.2	618.2	963.9	963.9
Lease obligations.....	I	2,004.2	2,004.2	1,178.3	1,178.3
Total liabilities carried at cost or amortized cost.....		<u>\$ 17,208.0</u>	<u>\$ 17,359.2</u>	<u>\$29,985.6</u>	<u>\$30,503.1</u>

(a) Category I refers to financial assets and liabilities measured at amortized cost, category II refers to financial assets and liabilities measured at fair value through other comprehensive income or loss and category III refers to financial assets and liabilities measured at fair value through profit or loss.

(b) We have not estimated the fair value of our equity method investments.

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A reconciliation of the beginning and ending balances of our assets and liabilities measured at fair value on a recurring basis using significant unobservable, or Level 3, inputs is as follows:

	<u>Investments</u>	<u>Cross-currency and interest rate derivative contracts</u>	<u>Equity-related derivative instruments</u>	<u>Total</u>
	<u>in millions</u>			
Balance of net assets (liabilities) at January 1, 2020	\$ 389.9	\$ (19.9)	\$ 663.4	\$ 1,033.4
Gains included in loss from continuing operations (a):				
Realized and unrealized gains (losses) on derivative instruments, net	—	(366.1)	386.7	20.6
Realized and unrealized gains due to changes in fair values of certain investments and debt, net	36.8	—	—	36.8
Partial settlement of ITV collar (b)	—	—	(731.2)	(731.2)
Settlement of Lionsgate Forward (c)	—	—	(38.0)	(38.0)
Additions	187.9	—	—	187.9
Reclassification of liability to held for sale (d)	—	225.6	—	225.6
Transfers out of Level 3	(189.4)	170.1	—	(19.3)
Foreign currency translation adjustments and other, net	8.2	(9.7)	—	(1.5)
Balance of net assets at December 31, 2020	<u>\$ 433.4</u>	<u>\$ —</u>	<u>\$ 280.9</u>	<u>\$ 714.3</u>

- (a) Most of these net gains (losses) relate to assets and liabilities that we continue to carry in our consolidated statement of financial position as of December 31, 2020.
- (b) For additional information regarding the ITV Collar, see note 8.
- (c) For additional information regarding the Lionsgate Forward, see note 8.
- (d) Represents the reclassification of the derivative liabilities associated with the U.K. JV Entities as of December 31, 2020 to liabilities held for sale. For information regarding the held-for-sale presentation of the U.K. JV Entities, see note 5.

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	<u>Investments</u>	<u>Cross-currency and interest rate derivative contracts</u>	<u>Equity-related derivative instruments</u>	<u>Total</u>
	in millions			
Balance of net assets (liabilities) at January 1, 2019	\$ 389.3	\$ (14.1)	\$ 744.9	\$ 1,120.1
Gains (losses) included in loss from continuing operations (a):				
Realized and unrealized gains (losses) on derivative instruments, net	—	58.7	(63.4)	(4.7)
Realized and unrealized loss due to changes in fair values of certain investments and debt, net	(20.3)	—	—	(20.3)
Partial settlement of Lionsgate Forward (b)	—	—	(18.1)	(18.1)
Additions	23.3	—	—	23.3
Derivative instruments settled in connection with the sale of the Vodafone Disposal Group	—	(72.0)	—	(72.0)
Transfers out of Level 3	—	8.4	—	8.4
Foreign currency translation adjustments and other, net	(2.4)	(0.9)	—	(3.3)
Balance of net assets (liabilities) at December 31, 2019	<u>\$ 389.9</u>	<u>\$ (19.9)</u>	<u>\$ 663.4</u>	<u>\$ 1,033.4</u>

- (a) With the exception of a \$72.0 million net gain related to derivative instruments settled in connection with the sale of the Vodafone Disposal Group, most of these net gains and losses relate to assets and liabilities that we continue to carry in our consolidated statement of financial position as of December 31, 2019.
- (b) For additional information regarding the Lionsgate Forward, see note 8.

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(10) Income Taxes

Liberty Global files its primary income tax return in the U.K. Its subsidiaries file income tax returns in the U.K., the U.S. and a number of other jurisdictions. The income taxes of Liberty Global and its subsidiaries are presented on a separate return basis for each tax-paying entity or group.

Components of income tax benefit (expense) consist of:

	Year ended December 31,	
	2020	2019
	in millions	
Current tax benefit (expense):		
Current year	\$ (52.8)	\$ (178.9)
Adjustments for previous years	75.3	13.9
	<u>22.5</u>	<u>(165.0)</u>
Deferred tax benefit (expense):		
Origination and reversal of temporary differences and tax losses	26.2	13.0
Derecognition of deferred tax assets	(48.6)	(113.6)
Changes in tax rates	246.0	19.9
	<u>223.6</u>	<u>(80.7)</u>
Income tax benefit (expense) of continuing operations	<u>\$ 246.1</u>	<u>\$ (245.7)</u>
Current tax expense	\$ —	\$ (101.3)
Deferred tax expense	—	(174.5)
Income tax expense of discontinuing operations	<u>\$ —</u>	<u>\$ (275.8)</u>

Income tax amounts recognized in other comprehensive income are set forth in note 24.

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Income tax benefit (expense) attributable to our loss from continuing operations before income taxes differs from the amounts computed using the U.K. corporation tax rate as a result of the following factors:

	Year ended December 31,	
	2020	2019
	in millions	
Loss from continuing operations before income taxes	\$ (1,782.1)	\$ (1,217.8)
Computed “expected” tax benefit (a)	\$ 338.6	\$ 231.4
Non-deductible or non-taxable foreign currency exchange results	(395.1)	(26.5)
Recognition of previously unrecognized tax benefits	285.8	5.9
Basis and other differences in the treatment of items associated with investments in subsidiaries and affiliates	(257.6)	(175.6)
Enacted tax law and rate changes (b)	246.0	19.9
Tax benefit associated with technology innovation	67.5	5.1
Derecognition of deductible temporary differences	(48.6)	(113.6)
International rate differences (c)	9.7	12.6
Non-deductible or non-taxable interest and other expenses	0.9	(190.6)
Other, net	(1.1)	(14.3)
Total income tax benefit (expense) — continuing operations	<u>\$ 246.1</u>	<u>\$ (245.7)</u>

- (a) The statutory or “expected” tax rate is the U.K. rate of 19.0%. In March 2021, legislation was introduced to increase the U.K. corporate tax rate to 25.0% from April 1, 2023. If this rate change had been substantively enacted at December 31, 2020, we estimate that it would serve to increase the net deferred tax asset associated with our U.K. subsidiaries by approximately \$725 million. This estimate could be materially impacted by the pending U.K. JV.
- (b) On March 17, 2020, legislation was substantively enacted in the U.K. to maintain the corporate income tax rate at 19.0%, reversing previous legislation that had reduced the U.K. rate to 17.0% from April 1, 2020. The impact of this rate change on our deferred balances was recorded during the first quarter of 2020. On December 23, 2020, legislation was enacted in the Netherlands to eliminate the corporate income tax rate reduction that had previously been enacted in December 2019. As a result, the corporate income tax rate remains at 25.0% in 2021 instead of reducing to 21.7%. Substantially all of the impacts of the new rate change in the Netherlands on our deferred tax balances were recorded during the fourth quarter of 2020, modifying the impacts of the 2019 rate change that were previously recorded during the fourth quarter of 2019. The December 2019 legislation delayed and lessened the corporate income tax rate reduction that had previously been enacted in December 2018, maintaining the 25.0% rate in 2020 and reducing to 21.7% in 2021 instead of reducing the rate to 22.5% in 2020 and 20.5% in 2021. Substantially all of the impacts of this change on our deferred tax balances were recorded during the fourth quarter of 2019, modifying the impacts of the 2018 rate change that were previously recorded during the fourth quarter of 2018.
- (c) Amounts reflect adjustments (either a benefit or expense) to the “expected” tax benefit (expense) for statutory rates in jurisdictions in which we operate outside of the U.K.

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The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are presented below:

	Net balance at January 1,	Recognized in statement of profit or loss	Acquisitions	Reclassification to assets held for sale	Exchange difference	Other	Net balance at December 31,	Deferred tax assets	Deferred tax liabilities
	in millions								
2020									
Net operating loss and other carryforwards.....	\$ 467.2	\$ (31.5)	\$ (5.1)	\$ (199.5)	\$ 2.2	\$ (0.3)	\$ 233.0	\$ 233.0	\$ —
Investments (including consolidated partnerships).....	47.8	(14.3)	—	2.9	(0.9)	—	35.5	59.4	(23.9)
Debt.....	47.7	(47.4)	—	—	(3.0)	2.9	0.2	192.9	(192.7)
Property, equipment and intangibles.....	1,652.0	64.3	(492.0)	(1,730.5)	(137.5)	2.0	(641.7)	122.9	(764.6)
Derivative instruments.....	111.2	150.4	—	(44.0)	12.7	0.9	231.2	234.8	(3.6)
Other future deductible (taxable) amounts.....	(122.3)	102.1	11.1	0.7	(4.1)	—	(12.5)	368.4	(380.9)
Net deferred tax liability	<u>\$ 2,203.6</u>	<u>\$ 223.6</u>	<u>\$ (486.0)</u>	<u>\$ (1,970.4)</u>	<u>\$ (130.6)</u>	<u>\$ 5.5</u>	<u>\$ (154.3)</u>	<u>\$ 1,211.4</u>	<u>\$ (1,365.7)</u>
2019									
Net operating loss and other carryforwards.....	\$ 806.9	\$ (344.1)	\$ 15.0	\$ —	\$ (9.9)	\$ (0.7)	\$ 467.2	\$ 467.2	\$ —
Investments (including consolidated partnerships).....	61.8	(12.8)	—	—	(0.3)	(0.9)	47.8	51.5	(3.7)
Debt.....	(66.1)	109.4	0.8	—	0.3	3.3	47.7	118.1	(70.4)
Property, equipment and intangibles.....	1,527.7	68.3	(17.4)	—	73.8	(0.4)	1,652.0	1,935.6	(283.6)
Derivative instruments.....	59.9	53.2	—	—	(0.8)	(1.1)	111.2	113.2	(2.0)
Other future deductible (taxable) amounts.....	(128.2)	45.3	(3.2)	—	7.0	(43.2)	(122.3)	184.1	(306.4)
Net deferred tax asset.....	<u>\$ 2,262.0</u>	<u>\$ (80.7)</u>	<u>\$ (4.8)</u>	<u>\$ —</u>	<u>\$ 70.1</u>	<u>\$ (43.0)</u>	<u>\$ 2,203.6</u>	<u>\$ 2,869.7</u>	<u>\$ (666.1)</u>

Where there is a right and ability of offset of deferred tax balances within the same jurisdiction, this position is presented net on the face of the group statements of financial position.

Our unrecognized deferred tax assets and tax loss carryforwards at December 31, 2020 are as follows (in millions):

	Amount	Expiration Date
Unrestricted tax losses.....	\$ 517.9	Indefinite
Restricted tax losses.....	838.8	2021-2027
Deductible temporary differences.....	228.1	
Net deferred tax asset.....	<u>\$ 1,584.8</u>	

We have taxable temporary differences on certain investments in non-U.S. subsidiaries. No additional income taxes have been provided for any undistributed foreign earnings, or any additional taxable temporary differences inherent in these entities, as these amounts will continue to be reinvested in foreign operations for the foreseeable future. At December 31, 2020, we have not provided deferred tax liabilities on an estimated \$1.4 billion of cumulative taxable temporary differences on investments in our non-U.S. subsidiaries.

Through our subsidiaries, we maintain a presence in many countries. Many of these countries maintain highly complex tax regimes that differ significantly from the system of income taxation used in the U.K. and the U.S. We have accounted for the

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effect of these taxes based on what we believe is reasonably expected to apply to us and our subsidiaries based on tax laws currently in effect and reasonable interpretations of these laws.

We and our subsidiaries file consolidated and standalone income tax returns in various jurisdictions. In the normal course of business, our income tax filings are subject to review by various taxing authorities. In connection with such reviews, disputes could arise with the taxing authorities over the interpretation or application of certain income tax rules related to our business in that tax jurisdiction. Such disputes may result in future tax and interest and penalty assessments by these taxing authorities. We have recorded unrecognized tax benefits of \$604.9 million and \$664.3 million at December 31, 2020 and 2019, respectively. The ultimate resolution of tax contingencies will take place upon the earlier of (i) the settlement date with the applicable taxing authorities in either cash or agreement of income tax positions or (ii) the date when the tax authorities are statutorily prohibited from adjusting the company's tax computations.

(11) Trade Receivables and Unbilled Revenue

The details of our trade receivables and unbilled revenue, net, are set forth below:

	December 31,	
	2020	2019
	in millions	
Trade receivables, gross.....	\$ 994.9	\$ 1,491.5
Allowance for impairment of trade receivables.....	(49.7)	(43.6)
Trade receivables, net.....	945.2	1,447.9
Unbilled revenue.....	209.1	140.9
Trade receivables and unbilled revenue, net.....	1,154.3	1,588.8
Current trade receivables and unbilled revenue, net.....	(1,090.8)	(1,405.4)
Non-current trade receivables and unbilled revenue, net (a).....	<u>\$ 63.5</u>	<u>\$ 183.4</u>

- (a) Non-current trade receivables and unbilled revenue, net, are included in other assets, net, in our consolidated statements of financial position.

The allowance for doubtful accounts is based upon our assessment of probable loss related to uncollectible trade receivable. We use a number of factors in determining the allowance, including, among other things, collection trends, prevailing and anticipated economic conditions and specific customer credit risk. The allowance is maintained until either receipt of payment or the likelihood of collection is considered to be remote.

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The detailed aging of trade receivables and the related allowance for impairment as of December 31, 2020 and 2019 are set forth below:

	December 31, 2020		December 31, 2019	
	Trade receivables, gross	Allowance for impairment	Trade receivables, gross	Allowance for impairment
	in millions			
Current portion:				
Days past due:				
Current.....	\$ 706.4	\$ (20.2)	\$ 902.4	\$ (6.0)
1 - 30 days.....	98.2	(1.7)	227.9	(3.3)
31 - 90 days.....	38.2	(8.2)	70.0	(4.7)
Over 90 days.....	88.6	(19.6)	106.4	(28.2)
Total.....	931.4	(49.7)	1,306.7	(42.2)
Non-current portion.....	63.5	—	184.8	(1.4)
Total trade receivables.....	<u>\$ 994.9</u>	<u>\$ (49.7)</u>	<u>\$ 1,491.5</u>	<u>\$ (43.6)</u>

The following table shows the development of the current portion of the allowance for impairment of trade receivables:

	2020	2019
	in millions	
Allowance at January 1.....	\$ 42.2	\$ 45.8
Provisions for impairment of trade receivables.....	84.2	44.6
Write-off of receivable.....	(74.8)	(48.2)
Reclassification to assets held for sale.....	(26.1)	—
Acquisitions.....	19.4	(0.1)
Foreign currency translation and other.....	4.8	0.1
Allowance at December 31.....	<u>\$ 49.7</u>	<u>\$ 42.2</u>

When a trade receivable is determined to be uncollectible, it is written off against the allowance account. The provision for impairment of trade receivables is included in facilities and other operational costs in our consolidated statements of profit or loss.

(12) Equity

Capitalization

At December 31, 2020, our authorized share capital consisted of an aggregate nominal amount of \$20.0 million, consisting of any of the following: (i) ordinary shares (Class A, B or C), each with a nominal value of \$0.01 per share, (ii) preference shares, with a nominal value to be determined by the board of directors, the issuance of one or more classes or series of which may be authorized by the board of directors, and (iii) any other shares of one or more classes as may be determined by the board of directors or by the shareholders of Liberty Global.

Under Liberty Global's Articles of Association, effective July 1, 2015, holders of Liberty Global Class A ordinary shares are entitled to one vote for each such share held, and holders of Liberty Global Class B ordinary shares are entitled to 10 votes for each such share held, on all matters submitted to a vote of Liberty Global shareholders at any general meeting (annual or special). Holders of Liberty Global Class C ordinary shares are not entitled to any voting powers except as required by law.

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At the option of the holder, each Liberty Global Class B ordinary share is convertible into one Liberty Global Class A ordinary share. One Liberty Global Class A ordinary share is reserved for issuance for each Liberty Global Class B ordinary share that is issued (12,561,444 shares issued as of December 31, 2020). Additionally, at December 31, 2020, we have reserved the following ordinary shares for the issuance of outstanding share-based incentive awards:

	<u>Class A</u>	<u>Class B</u>	<u>Class C</u>
Options.....	623,572	—	3,463,971
SARs.....	19,245,884	—	40,980,502
RSUs.....	2,443,306	—	4,878,115
PSUs and PSARs.....	5,920,958	660,000	11,841,916

Subject to any preferential rights of any outstanding class of our preference shares, the holders of our ordinary shares are entitled to dividends as may be declared from time to time by our board of directors from funds available therefore. Except with respect to share distributions, whenever a dividend is paid in cash to the holder of one class of our ordinary shares, we shall also pay to the holders of the other classes of our ordinary shares an equal per share dividend. There are currently no contractual restrictions on our ability to pay dividends in cash or shares.

In the event of our liquidation, dissolution and winding up, after payment or provision for payment of our debts and liabilities and subject to the prior payment in full of any preferential amounts to which our preference shareholders, if any, may be entitled, the holders of our ordinary shares will be entitled to receive their proportionate interests, expressed in liquidation units, in any assets available for distribution to our ordinary shares.

Share Repurchase Programs

As a U.K. incorporated company, we may only elect to repurchase shares or pay dividends to the extent of our “**Distributable Reserves.**” Distributable Reserves, may be created through the earnings of the U.K. parent company and, among other methods, through a reduction in share premium approved by the English Companies Court. Based on the amounts set forth in our parent company statement of equity, our Distributable Reserves were \$14.9 billion as of December 31, 2020. For additional information, see note 5 to our parent company financial statements.

Our board of directors has approved share repurchase programs for our Liberty Global ordinary shares. Under our share repurchase program, we receive authorization to acquire up to the specified amount (before direct acquisition costs) of Class A and Class C Liberty Global ordinary shares, or other authorized securities, from time to time through open market or privately negotiated transactions, which may include derivative transactions. The timing of the repurchase of shares or other securities pursuant to our equity repurchase programs, which may be suspended or discontinued at any time, is dependent on a variety of factors, including market conditions. At December 31, 2020, the remaining amount authorized for share repurchases was \$1.0 billion.

The following table provides details of our share repurchases during 2020 and 2019:

	<u>Class A ordinary shares</u>		<u>Class C ordinary shares</u>		
	<u>Shares repurchased</u>	<u>Average price paid per share (a)</u>	<u>Shares repurchased</u>	<u>Average price paid per share (a)</u>	<u>Total cost (a)</u>
					<u>in millions</u>
2020.....	1,309,000	\$ 22.38	54,473,323	\$ 19.15	\$ 1,072.3
2019 (b).....	24,348,562	\$ 27.61	95,395,291	\$ 26.64	\$ 3,220.2

(a) Includes direct acquisition costs, where applicable.

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- (b) Includes repurchases made pursuant to modified Dutch auction cash tenders, comprising 24,002,262 shares of our class A ordinary shares at a per share price of \$27.50 and 75,420,009 shares of our class C ordinary shares at a price per share of \$27.00, for an aggregate purchase price of \$2.7 billion, including direct acquisition costs.

Subsidiary Distributions

From time to time, Telenet and certain other of our subsidiaries make cash distributions to their respective shareholders. Our share of these distributions is eliminated in consolidation and the noncontrolling interest owners' share of these distributions is reflected as a charge against noncontrolling interests in our consolidated statements of equity. In this regard, Telenet paid aggregate dividends to its shareholders during 2020 and 2019 of €292.4 million and €62.8 million, respectively. Our share of these dividends was €177.8 million (\$205.4 million at the applicable rate) and €37.8 million (\$42.0 million at the applicable rate), respectively.

Restricted Net Assets

The ability of certain of our subsidiaries to distribute or loan all or a portion of their net assets to our company is limited by the terms of applicable debt facilities. At December 31, 2020, substantially all of our net assets represented net assets of our subsidiaries that were subject to such limitations.

(13) Share-based Compensation

Our share-based compensation expense primarily relates to the share-based incentive awards issued by Liberty Global to its employees and employees of its subsidiaries. A summary of our aggregate share-based compensation expense that is included in our cost of services and G&A expenses is set forth below:

	Year ended December 31,	
	2020	2019
	in millions	
Liberty Global:		
Performance-based incentive awards (a).....	\$ 127.4	\$ 134.5
Non-performance based incentive awards (b).....	128.4	113.9
Other (c).....	46.2	39.0
Total Liberty Global	302.0	287.4
Telenet share-based incentive awards (d).....	35.5	15.6
Other.....	4.8	9.1
Total	\$ 342.3	\$ 312.1
Included in:		
Cost of services.....	\$ 7.5	\$ 4.0
G&A expenses.....	334.8	308.1
Total	\$ 342.3	\$ 312.1

- (a) Includes share-based compensation expense related to (i) PSUs, (ii) the 2019 Challenge Performance Awards and (iii) the performance-based portion of the 2019 CEO Performance Award, each as defined and described below.
- (b) In 2019, we changed our policy to provide that all new equity grants would have ten-year contractual terms in order to more closely align with common market practice. In April 2020, the compensation committee of our board of directors approved the extension of the expiration dates of outstanding SARs and director options granted in 2013 from a seven-year term to a ten-year term in order to align with this new policy. Accordingly, the Black-Scholes fair values of the outstanding awards increased, resulting in the recognition of an aggregate incremental share-based compensation expense of \$18.9 million during 2020. The 2019 amount includes share-based compensation expense related to the RSAs issued under the 2019 CEO Performance Award, as defined and described below.

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- (c) Represents annual incentive compensation and defined contribution plan liabilities that have been or are expected to be settled with Liberty Global ordinary shares. In the case of the annual incentive compensation, shares have been or will be issued to senior management and key employees pursuant to a shareholding incentive program. The shareholding incentive program allows these employees to elect to receive up to 100% of their annual incentive compensation in ordinary shares of Liberty Global in lieu of cash.
- (d) Represents the share-based compensation expense associated with Telenet's share-based incentive awards, which, at December 31, 2020, included performance- and non-performance-based stock option awards with respect to 5,001,814 Telenet shares. These stock option awards had a weighted average exercise price of €40.69 (\$49.74).

As of December 31, 2020, \$244.8 million of total unrecognized compensation cost related to our Liberty Global share-based incentive awards is expected to be recognized by our company over a weighted-average period of approximately 1.8 years.

The following table summarizes certain information related to the share-based incentive awards granted and exercised with respect to Liberty Global ordinary shares (includes amounts related to awards held by employees of our discontinued operations, unless otherwise noted):

	Year ended December 31,	
	2020	2019
Assumptions used to estimate fair value of options, SARs and PSARs granted:		
Risk-free interest rate.....	0.13 - 0.47%	1.59 - 2.45%
Expected life.....	3.2 - 6.2 years	3.2 - 6.2 years
Expected volatility.....	34.6 - 38.8%	29.9 - 33.8%
Expected dividend yield.....	none	none
Weighted average grant-date fair value per share of awards granted:		
Options.....	\$ 5.92	\$ 8.60
SARs.....	\$ 4.19	\$ 6.79
PSARs.....	(a)	\$ 6.92
RSUs.....	\$ 15.66	\$ 24.66
RSAs.....	(a)	\$ 25.29
PSUs.....	(a)	\$ 25.00
Total intrinsic value of awards exercised (in millions):		
Options.....	\$ 1.2	\$ 4.2
SARs.....	(b)	\$ 13.6
Cash received from exercise of options (in millions).....	\$ 2.2	\$ 2.3
Income tax benefit related to share-based compensation of our continuing operations (in millions).....	\$ 36.9	\$ 21.0

- (a) There were no grants of this award type made during the indicated period.
- (b) There were no exercises of SARs during the year ended December 31, 2020.

Share Incentive Plans — Liberty Global Ordinary Shares

Incentive Plans

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As of December 31, 2020, we are authorized to grant incentive awards under the Liberty Global 2014 Incentive Plan and the Liberty Global 2014 Nonemployee Director Incentive Plan. Generally, we may grant non-qualified share options, SARs, PSARs, restricted shares, RSUs, cash awards, performance awards or any combination of the foregoing under either of these incentive plans (collectively, awards). Ordinary shares issuable pursuant to awards made under these incentive plans will be made available from either authorized but unissued shares or shares that have been issued but reacquired by our company. Awards may be granted at or above fair value in any class of ordinary shares. The maximum number of Liberty Global shares with respect to which awards may be issued under the Liberty Global 2014 Incentive Plan and the Liberty Global 2014 Nonemployee Director Incentive Plan is 155 million (of which no more than 50.25 million shares may consist of Class B ordinary shares) and 10.5 million, respectively, in each case, subject to anti-dilution and other adjustment provisions in the respective plan. As of December 31, 2020, the Liberty Global 2014 Incentive Plan and the Liberty Global 2014 Nonemployee Director Incentive Plan had 60,799,181 and 8,005,545 ordinary shares available for grant, respectively.

Awards (other than performance-based awards) under the Liberty Global 2014 Incentive Plan generally (i) vest (a) prior to 2020, 12.5% on the six month anniversary of the grant date and then at a rate of 6.25% each quarter thereafter and (b) commencing in 2020, annually over a three-year period and (ii) expire (1) prior to 2019, seven years after the grant date and (2) commencing in 2019, 10 years after the grant date. Awards (other than RSUs) issued under the Liberty Global 2014 Nonemployee Director Incentive Plan generally vest in three equal annual installments, provided the director continues to serve as director immediately prior to the vesting date, and expire seven years after the grant date. Commencing with awards made in 2019, the term was increased to 10 years. RSUs vest on the date of the first annual general meeting of shareholders following the grant date. These awards may be granted at or above fair value in any class of ordinary shares.

Performance Awards

The following is a summary of the material terms and conditions with respect to our performance-based awards for certain executive officers and key employees.

2019 CEO Performance Award

In April 2019, the compensation committee of our board of directors approved the grant of RSAs and PSUs to our Chief Executive Officer (**CEO**) (the **2019 CEO Performance Award**), comprising 670,000 RSAs and 1,330,000 PSUs, each with respect to Liberty Global Class B ordinary shares. Subject to certain terms, the RSAs vested on December 31, 2019. Subject to forfeitures, the satisfaction of performance conditions and certain other terms, 670,000 PSUs vested on May 15, 2020, and the remaining 660,000 PSUs will vest on May 15, 2021. Prior to vesting, our CEO may change the PSUs to a mix of Liberty Global Class A, B or C ordinary shares of comparable value. The performance criteria for the 2019 CEO Performance Award PSUs is based on the achievement of our CEO's performance conditions, as established by the compensation committee.

2019 Challenge Performance Awards

In March 2019, the compensation committee of our board of directors approved a challenge performance award for executive officers and certain employees (the **2019 Challenge Performance Awards**), which consists of a combination of PSARs and PSUs, in each case divided on a 1:2 ratio based on Liberty Global Class A ordinary shares and Liberty Global Class C ordinary shares. Each PSU represents the right to receive one Liberty Global Class A ordinary share or one Liberty Global Class C ordinary share, as applicable. The performance criteria for the 2019 Challenge Performance Awards is based on the participant's performance and achievement of individual goals during a performance period of three years ending on December 31, 2021. Subject to forfeitures, the satisfaction of performance conditions and certain other terms, 100% of each participant's 2019 Challenge Performance Awards will vest on March 7, 2022. The PSARs have a term of ten years and base prices equal to the respective market closing prices of the applicable class on the grant date.

Liberty Global PSUs

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In April 2019, the compensation committee of our board of directors approved the grant of PSUs to executive officers and key employees (the **2019 PSUs**) pursuant to a performance plan that was based on the achievement of a specified Adjusted EBITDA CAGR during the two-year period ended December 31, 2020. The 2019 PSUs include over- and under-performance payout opportunities should the Adjusted EBITDA CAGR exceed or fail to meet the target, as applicable. A performance range of 50% to 125% of the target Adjusted EBITDA CAGR will generally result in award recipients earning 50% to 150% of their target 2019 PSUs, subject to reduction or forfeiture based on individual performance. The earned 2019 PSUs will vest 50% on April 1, 2021 and 50% on October 1, 2021.

During 2018, the compensation committee of our board of directors approved the grant of PSUs to executive officers and key employees (the **2018 PSUs**) pursuant to a performance plan that was based on the achievement of a specified Adjusted EBITDA CAGR during the two-year period ended December 31, 2019. Participants earned 106.1% of their targeted awards under the 2018 PSUs, which vested 50% on each of April 1, 2020 and October 1, 2020. The target Adjusted EBITDA CAGR for the 2018 PSUs was determined on October 26, 2018 and, accordingly, associated compensation expense was recognized prospectively from that date.

In February 2016, our compensation committee approved the grant of PSUs to executive officers and key employees (the **2016 PSUs**). The performance plan for the 2016 PSUs covered a three-year period that ended on December 31, 2018 and included a performance target based on the achievement of a specified compound annual growth rate (**CAGR**) in a consolidated Adjusted EBITDA metric (as defined in note 18). The performance target was adjusted for events such as acquisitions, dispositions and changes in foreign currency exchange rates that affect comparability (**Adjusted EBITDA CAGR**). The 2016 PSUs, as adjusted through the 2017 Award Modification, required delivery of compound annual growth rates of consolidated Adjusted EBITDA CAGR of 6.0% during the three-year performance period for Liberty Global or Liberty Latin America depending on the respective class of shares underlying the award. Participants earned 82.3% of their targeted awards under the 2016 PSUs, which vested 50% on each of April 1, 2019 and October 1, 2019.

Share-based Award Activity — Liberty Global Ordinary Shares

The following tables summarize the share-based award activity during 2020 with respect to awards issued by Liberty Global. Our company settles SARs and PSARs on a net basis when exercised by the award holder, whereby the number of shares issued represents the excess value of the award based on the market price of the respective Liberty Global shares at the time of exercise relative to the award's exercise price. In addition, with respect to share-based awards held by Liberty Global employees, the number of shares to be issued upon vesting or exercise is reduced by the amount of the employee's required income tax withholding.

Options — Class A ordinary shares	Number of awards	Weighted average exercise price	Weighted average remaining contractual term in years	Aggregate intrinsic value in millions
Outstanding at January 1, 2020	588,258	\$ 29.25		
Granted	78,948	\$ 21.86		
Forfeited	(2,533)	\$ 22.65		
Exercised	(41,101)	\$ 13.00		
Outstanding at December 31, 2020	623,572	\$ 29.41	3.6	\$ 0.6
Exercisable at December 31, 2020	495,900	\$ 30.67	2.3	\$ 0.4

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Options — Class C ordinary shares	Number of awards	Weighted average exercise price	Weighted average remaining contractual term in years	Aggregate intrinsic value in millions
Outstanding at January 1, 2020	3,506,568	\$ 25.81		
Granted	542,801	\$ 16.98		
Forfeited	(483,100)	\$ 25.38		
Exercised	(102,298)	\$ 12.88		
Outstanding at December 31, 2020	3,463,971	\$ 24.87	3.8	\$ 4.8
Exercisable at December 31, 2020	2,570,677	\$ 26.41	2.3	\$ 3.7
SARs — Class A ordinary shares	Number of awards	Weighted average base price	Weighted average remaining contractual term in years	Aggregate intrinsic value in millions
Outstanding at January 1, 2020	16,251,617	\$ 31.18		
Granted	5,084,564	\$ 16.20		
Forfeited	(2,085,032)	\$ 30.52		
Exercised	(5,265)	\$ 24.90		
Outstanding at December 31, 2020	19,245,884	\$ 27.29	5.1	\$ 40.2
Exercisable at December 31, 2020	11,367,027	\$ 32.23	2.8	\$ —
SARs — Class C ordinary shares	Number of awards	Weighted average base price	Weighted average remaining contractual term in years	Aggregate intrinsic value in millions
Outstanding at January 1, 2020	35,682,862	\$ 29.77		
Granted	10,169,128	\$ 15.28		
Forfeited	(4,952,165)	\$ 28.95		
Exercised	(9,323)	\$ 24.15		
Outstanding at December 31, 2020	40,890,502	\$ 26.27	4.9	\$ 83.9
Exercisable at December 31, 2020	25,082,821	\$ 30.83	2.8	\$ —
PSARs — Class A ordinary shares	Number of awards	Weighted average base price	Weighted average remaining contractual term in years	Aggregate intrinsic value in millions
Outstanding at January 1, 2020	4,071,616	\$ 25.97		
Forfeited	(347,946)	\$ 25.99		
Outstanding at December 31, 2020	3,723,670	\$ 25.97	8.2	\$ —
Exercisable at December 31, 2020	1,473	\$ 25.97	0.8	\$ —

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PSARs — Class C ordinary shares	Number of awards	Weighted average base price	Weighted average remaining contractual term in years	Aggregate intrinsic value in millions
Outstanding at January 1, 2020	8,143,232	\$ 25.22		
Forfeited	(695,892)	\$ 25.24		
Outstanding at December 31, 2020	7,447,340	\$ 25.22	8.2	\$ —
Exercisable at December 31, 2020	2,946	\$ 25.22	0.8	\$ —

RSUs — Class A ordinary shares	Number of awards	Weighted average grant-date fair value per share	Weighted average remaining contractual term in years
Outstanding at January 1, 2020	515,496	\$ 27.86	
Granted	2,234,496	\$ 16.28	
Forfeited	(91,229)	\$ 22.62	
Released from restrictions	(215,457)	\$ 28.46	
Outstanding at December 31, 2020	2,443,306	\$ 17.41	2.2

RSUs — Class B ordinary shares	Number of awards	Weighted average grant-date fair value per share	Weighted average remaining contractual term in years
Outstanding at January 1, 2020	48,786	\$ 26.03	
Released from restrictions	(48,786)	\$ 26.03	
Outstanding at December 31, 2020	—	\$ —	—

RSUs — Class C ordinary shares	Number of awards	Weighted average grant-date fair value per share	Weighted average remaining contractual term in years
Outstanding at January 1, 2020	1,026,010	\$ 26.95	
Granted	4,468,992	\$ 15.36	
Forfeited	(183,173)	\$ 21.77	
Released from restrictions	(433,714)	\$ 27.58	
Outstanding at December 31, 2020	4,878,115	\$ 16.47	2.2

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PSUs — Class A ordinary shares	Number of awards	Weighted average grant-date fair value per share	Weighted average remaining contractual term in years
Outstanding at January 1, 2020	3,388,371	\$ 25.00	
Forfeited	(132,789)	\$ 26.04	
Released from restrictions	(1,058,294)	\$ 24.01	
Outstanding at December 31, 2020	2,197,288	\$ 25.41	1.0
PSUs — Class B ordinary shares	Number of awards	Weighted average grant-date fair value per share	Weighted average remaining contractual term in years
Outstanding at January 1, 2020	1,330,000	\$ 25.29	
Released from restrictions	(670,000)	\$ 25.29	
Outstanding at December 31, 2020	660,000	\$ 25.29	0.4
PSUs — Class C ordinary shares	Number of awards	Weighted average grant-date fair value per share	Weighted average remaining contractual term in years
Outstanding at January 1, 2020	6,776,048	\$ 24.29	
Forfeited	(263,994)	\$ 25.26	
Released from restrictions	(2,117,478)	\$ 23.39	
Outstanding at December 31, 2020	4,394,576	\$ 24.66	1.0

Share-based Award Activity — Liberty Global Ordinary Shares Held by Former Liberty Global Employees

The following tables summarize the share-based awards held by former employees of Liberty Global subsequent to certain split-off or disposal transactions. Although we do not recognize share-based compensation expense with respect to these awards, any future exercises of SARs and any future vesting of RSUs and PSUs will increase the number of our outstanding ordinary shares.

	Number of awards	Weighted average exercise or base price	Weighted average remaining contractual term	Aggregate intrinsic value
SARs:				
Class A				
Outstanding	1,413,040	\$ 34.11	1.7	\$ —
Exercisable	1,396,581	\$ 34.09	1.6	\$ —
Class C				
Outstanding	3,142,227	\$ 32.23	1.7	\$ —
Exercisable	3,109,319	\$ 32.21	1.7	\$ —

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	Number of awards	Weighted average grant date fair value per share	Weighted average remaining contractual term
Outstanding RSUs and PSUs:			
Class A			
RSUs.....	597	\$ 35.32	0.4
PSUs.....	1,357	\$ 24.90	0.8
Class C			
RSUs.....	1,183	\$ 34.43	0.4
PSUs.....	2,714	\$ 24.90	0.8

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(14) Debt

The U.S. dollar equivalents of the components of our debt are as follows:

	December 31, 2020						
	Weighted average interest rate (a)	Unused borrowing capacity (b)				Principal amount	
		Borrowing currency	U.S. \$ equivalent	December 31,			
				2020	2019		
in millions							
UPC Holding Bank Facility (c) (d)	3.32 %	€ 716.6	\$ 876.0	\$ 4,767.1	\$ —		
UPCB SPE Notes (d)	3.80 %	—	—	1,393.7	2,420.1		
UPC Holding Senior Notes	4.56 %	—	—	1,261.5	1,202.3		
Telenet Credit Facility (e)	2.19 %	€ 555.0	678.5	3,652.0	3,541.4		
Telenet Senior Secured Notes	4.70 %	—	—	1,660.2	1,673.7		
Vendor financing (f) (g)	2.21 %	—	—	1,142.9	1,374.3		
ITV Collar Loan	0.90 %	—	—	415.9	1,435.5		
Virgin Media debt (h)	—	(f)	(f)	(f)	15,693.5		
Other (g) (i)	5.56 %	—	—	266.3	307.3		
Total debt before deferred financing costs, discounts, premiums and accrued interest (j)	3.23 %		\$ 1,554.5	\$ 14,559.6	\$ 27,648.1		

The following table provides a reconciliation of total debt before deferred financing costs, discounts, premiums and accrued interest to total debt and lease obligations:

	December 31,	
	2020	2019
in millions		
Total debt before deferred financing costs, discounts, premiums and accrued interest	\$ 14,559.6	\$ 27,648.1
Deferred financing costs, discounts, premiums and accrued interest, net	26.0	240.9
Total carrying amount of debt	14,585.6	27,889.0
Lease obligations (note 15)	2,004.2	1,178.3
Total debt and lease obligations	16,589.8	29,067.3
Current maturities of debt and lease obligations	(1,455.1)	(4,313.3)
Non-current debt and lease obligations	\$ 15,134.7	\$ 24,754.0

- (a) Represents the weighted average interest rate in effect at December 31, 2020 for all borrowings outstanding (except those of the U.K. JV Entities) 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, our weighted average interest rate on our aggregate variable- and fixed-rate indebtedness was 3.64% at December 31, 2020. For information regarding our derivative instruments, see note 8.
- (b) Unused borrowing capacity represents the maximum availability under the applicable facility at December 31, 2020 without regard to covenant compliance calculations or other conditions precedent to borrowing. At December 31, 2020, based on the most restrictive applicable leverage covenants, the full amount of unused borrowing capacity was available to be borrowed under each of the respective subsidiary facilities, and based on the most restrictive applicable leverage-

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based restricted payment tests, there were no restrictions on the respective subsidiary's ability to make loans or distributions from this availability to Liberty Global or its subsidiaries or other equity holders. Upon completion of the relevant December 31, 2020 compliance reporting requirements, we expect the full amount of unused borrowing capacity will continue to be available under each of the respective subsidiary facilities, 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 December 31, 2020, or the impact of additional amounts that may be available to borrow, loan or distribute under certain defined baskets within each respective facility.

- (c) Unused borrowing capacity under the UPC Holding Bank Facility comprises (i) €500.0 million (\$611.2 million) under the UPC Revolving Facility (as defined below) and (ii) €216.6 million (\$264.8 million) under the Revolving Facility (as defined within *Financing Transactions* below), each of which were undrawn at December 31, 2020. During 2020, as a result of the sale of certain entities within the UPC Holding borrowing group in prior years, and an associated reduction in the outstanding debt and Covenant EBITDA (as defined and described in the related debt agreement) of the remaining UPC Holding borrowing group, UPC Facility AM was cancelled in full and replaced with a new revolving facility which bears interest at a rate of EURIBOR + 2.50% and has a final maturity date of May 31, 2026 (the **UPC Revolving Facility**). Subsequent to December 31, 2020, commitments under the Revolving Facility were cancelled in full and certain lenders under the Revolving Facility became lenders under the UPC Revolving Facility or increased their commitments under the UPC Revolving Facility, in each case, by a corresponding amount in aggregate. Accordingly, the UPC Revolving Facility, as increased, provides for maximum borrowing capacity equivalent to €736.4 million (\$900.2 million).
- (d) For information regarding certain financing transactions completed subsequent to December 31, 2020, see *UPC Holding - 2021 and 2020 Financing Transactions - 2021 Transactions* below.
- (e) Unused borrowing capacity under the Telenet Credit Facility comprises (i) €510.0 million (\$623.5 million) under the Telenet Revolving Facility I (as defined below), (ii) €25.0 million (\$30.6 million) under the Telenet Overdraft Facility and (iii) €20.0 million (\$24.4 million) under the Telenet Revolving Facility, each of which were undrawn at December 31, 2020. During 2020, Telenet Facility AG and Telenet Facility AP were cancelled in full and replaced with a single revolving facility which bears interest at a rate of EURIBOR + 2.25%, is subject to a EURIBOR floor of 0.0% and has a final maturity date of May 31, 2026 (the **Telenet Revolving Facility I**). In addition, during 2020, certain lenders under the Telenet Revolving Facility agreed to extend and reprice their commitments and as a result, the Telenet Revolving Facility, as amended, bears interest at a rate of EURIBOR + 2.25%, is subject to a EURIBOR floor of 0.0% and has a final maturity date of September 30, 2026.
- (f) Represents amounts owed to various creditors pursuant to interest-bearing vendor financing arrangements that are used to finance certain of our property and equipment additions and operating expenses. These arrangements extend our repayment terms beyond a vendor's original due dates (e.g. extension beyond a vendor's customary payment terms, which are generally 90 days or less) and as such are classified outside of accounts payable in our consolidated statements of financial position. These obligations are generally due within one year and include VAT that was also financed under these arrangements. Our operating expenses for 2020 and 2019 include \$2,770.0 million and \$2,171.4 million, respectively, that were financed by an intermediary and are reflected as a hypothetical cash outflow within net cash provided by operating activities and a hypothetical cash inflow within net cash provided (used) by financing activities in our consolidated statements of cash flows. During 2020 and 2019, aggregate payments of \$2,395.9 million and \$1,836.9 million, respectively, were made under operating-related vendor financing arrangements. In addition, aggregate payments of \$2,110.1 million and \$2,097.8 million, respectively, were made under capital-related vendor financing arrangements. Repayments of vendor financing obligations are included in repayments and repurchases of debt and lease obligations in our consolidated statements of cash flows.
- (g) In connection with the pending formation of the U.K. JV, the outstanding third-party debt of the U.K. JV Entities has been classified as liabilities associated with assets held for sale in our December 31, 2020 consolidated statement of financial position. For information regarding the pending formation of the U.K. JV and the held-for-sale presentation of the U.K. JV Entities, see note 5.
- (h) The December 31, 2019 amount includes \$264.6 million of debt collateralized by certain trade receivables of Virgin Media (**VM Receivables Financing**). During 2020, the amount outstanding under the VM Receivables Financing was

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repaid, and the associated trade receivables were sold to a third party (the **VM Receivables Financing Sale**).

- (i) The December 31, 2019 amount includes \$55.3 million of principal borrowings outstanding under the Lionsgate Loan. During 2020, we cash settled the outstanding amount under the Lionsgate Loan, as further described in note 8.
- (j) As of December 31, 2020 and 2019, our debt had an estimated fair value of \$14.7 billion (excluding the U.K. JV Entities) and \$28.4 billion, 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) or, when quoted market prices are unavailable or not considered indicative of fair value, discounted cash flow models (mostly Level 2 of the fair value hierarchy). The discount rates used in the cash flow models are based on the market interest rates and estimated credit spreads of the applicable entity, to the extent available, and other relevant factors. For additional information regarding fair value hierarchies, see note 9.

General Information

At December 31, 2020, most of our outstanding debt had been incurred by one of our three subsidiary “borrowing groups.” References to these borrowing groups, which comprise UPC Holding, Telenet and Virgin Media, include their respective restricted parent and subsidiary entities.

Credit Facilities. Each of our borrowing groups has entered into one or more credit facility agreements with certain financial and other institutions. Each of these credit facilities contain certain covenants, the more notable of which are as follows:

- Our credit facilities contain certain consolidated net leverage ratios, as specified in the relevant credit facility, which are required to be complied with (i) on an incurrence basis and/or (ii) when the associated revolving credit facilities have been drawn beyond a specified percentage of the total available revolving credit commitments, on a maintenance basis;
- Subject to certain customary and agreed exceptions, our credit facilities contain certain restrictions which, among other things, restrict the ability of the members of the relevant borrowing group to (i) incur or guarantee certain financial indebtedness, (ii) make certain disposals and acquisitions, (iii) create certain security interests over their assets and (iv) make certain restricted payments to their direct and/or indirect parent companies (and indirectly to Liberty Global) through dividends, loans or other distributions;
- Our credit facilities require that certain members of the relevant borrowing group guarantee the payment of all sums payable under the relevant credit facility and such group members are required to grant first-ranking security over their shares and, in certain borrowing groups, over substantially all of their assets to secure the payment of all sums payable thereunder;
- In addition to certain mandatory prepayment events, our credit facilities provide that the instructing group of lenders under the relevant credit facility, under certain circumstances, may cancel the group’s commitments thereunder and declare the loan(s) thereunder due and payable after the applicable notice period following the occurrence of a change of control (as specified in the relevant credit facility);
- Our credit facilities contain certain customary events of default, the occurrence of which, subject to certain exceptions, materiality qualifications and cure rights, would allow the instructing group of lenders to (i) cancel the total commitments, (ii) declare that all or part of the loans be payable on demand and/or (iii) accelerate all outstanding loans and terminate their commitments thereunder;
- Our credit facilities require members of the relevant borrowing group to observe certain affirmative and negative undertakings and covenants, which are subject to certain materiality qualifications and other customary and agreed exceptions; and
- In addition to customary default provisions, our credit facilities generally include certain cross-default or cross-acceleration provisions with respect to other indebtedness of members of the relevant borrowing group, subject to agreed minimum thresholds and other customary and agreed exceptions.

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Senior and Senior Secured Notes. Certain of our borrowing groups have issued senior and/or senior secured notes. In general, our senior and senior secured notes (i) are senior obligations of each respective issuer within the relevant borrowing group that rank equally with all of the existing and future senior debt of such issuer and are senior to all existing and future subordinated debt of such issuer within the relevant borrowing group, (ii) contain, in most instances, certain guarantees from other members of the relevant borrowing group (as specified in the applicable indenture) and (iii) with respect to our senior secured notes, are secured by certain pledges or liens over the shares of certain members of the relevant borrowing group and, in certain borrowing groups, over substantially all of their assets. In addition, the indentures governing our senior and senior secured notes contain certain covenants, the more notable of which are as follows:

- Our notes contain certain customary incurrence-based covenants. In addition, our notes provide that any failure to pay principal at its stated maturity (after giving effect to any applicable grace period) of, or any acceleration with respect to other indebtedness of the issuer or certain subsidiaries over agreed minimum thresholds (as specified under the applicable indenture), is an event of default under the respective notes;
- Subject to certain customary and agreed exceptions, our notes contain certain restrictions that, among other things, restrict the ability of the members of the relevant borrowing group to (i) incur or guarantee certain financial indebtedness, (ii) make certain disposals and acquisitions, (iii) create certain security interests over their assets and (iv) make certain restricted payments to its direct and/or indirect parent companies (and indirectly to Liberty Global) through dividends, loans or other distributions;
- If the relevant issuer or certain of its subsidiaries (as specified in the applicable indenture) sell certain assets, such issuer must, subject to certain customary and agreed exceptions, offer to repurchase the applicable notes at par, or if a change of control (as specified in the applicable indenture) occurs, such issuer must offer to repurchase all of the relevant notes at a redemption price of 101%;
- Our senior secured notes contain certain early redemption provisions including the ability to, during each 12-month period commencing on the issue date for such notes until the applicable call date, redeem up to 10% of the principal amount of the notes at a redemption price equal to 103% of the principal amount of the notes to be redeemed plus accrued and unpaid interest; and
- Our notes are non-callable prior to their respective call date (as specified under the applicable indenture). At any time prior to the applicable call date, we may redeem some or all of the applicable notes by paying a “make-whole” premium, which is the present value of all remaining scheduled interest payments to the applicable call date using the discount rate as of the redemption date plus a premium (as specified in the applicable indenture). On or after the applicable call date, we may redeem some or all of these notes at various redemption prices plus accrued interest and additional amounts (as specified in the applicable indenture), if any, to the applicable redemption date.

SPE Notes. From time to time, we create special purpose financing entities (**SPEs**), most of which are 100% owned by third parties, for the primary purpose of facilitating the offering of senior secured notes, which we collectively refer to as the “**SPE Notes**.”

The SPEs used the proceeds from the issuance of SPE Notes to fund term loan facilities under the credit facilities made available to their respective borrowing group (as further described below), each a “**Funded Facility**” and collectively the “**Funded Facilities**.” Each SPE is dependent on payments from the relevant borrowing entity under the applicable Funded Facility in order to service its payment obligations under each respective SPE Note. Each of the Funded Facility term loans creates a variable interest in the respective SPE for which the relevant borrowing entity is the primary beneficiary and are consolidated by the relevant parent entities, including Liberty Global. As a result, the amounts outstanding under the Funded Facilities are eliminated in the respective borrowing group’s and Liberty Global’s consolidated financial statements. At December 31, 2020, we had outstanding SPE Notes issued by entities consolidated by UPC Holding, collectively the “**UPCB SPEs**”.

Pursuant to the respective indentures for the SPE Notes (the **SPE Indentures**) and the respective accession agreements for the Funded Facilities, the call provisions, maturity and applicable interest rate for each Funded Facility are the same as those of the related SPE Notes. The SPEs, as lenders under the relevant Funded Facility for the relevant borrowing group, are treated the same as the other lenders under the respective credit facility, with benefits, rights and protections similar to those afforded to

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the other lenders. Through the covenants in the applicable SPE Indentures and the applicable security interests over the relevant SPE's rights under the applicable Funded Facility granted to secure the relevant SPE's obligations under the relevant SPE Notes, the holders of the SPE Notes are provided indirectly with the benefits, rights, protections and covenants granted to the SPEs as lenders under the applicable Funded Facility. The SPEs are prohibited from incurring any additional indebtedness, subject to certain exceptions under the SPE Indentures.

The SPE Notes are non-callable prior to their respective call date (as specified under the applicable SPE Indenture). If, however, at any time prior to the applicable SPE Notes call date, all or a portion of the loans under the related Funded Facility are voluntarily prepaid (a **SPE Early Redemption Event**), then the SPE will be required to redeem an aggregate principal amount of its respective SPE Notes equal to the aggregate principal amount of the loans prepaid under the relevant Funded Facility. In general, the redemption price payable will equal 100% of the principal amount of the applicable SPE Notes to be redeemed and a "make-whole" premium, which is the present value of all remaining scheduled interest payments to the applicable SPE Notes call date using the discount rate (as specified in the applicable SPE Indenture) as of the redemption date plus a premium (as specified in the applicable SPE Indenture).

Upon the occurrence of a SPE Early Redemption Event on or after the applicable SPE Notes call date, the SPE will redeem an aggregate principal amount of its respective SPE Notes equal to the principal amount of the related Funded Facility prepaid at a redemption price (expressed as a percentage of the principal amount), plus accrued and unpaid interest and additional amounts (as specified in the applicable SPE Indenture), if any, to the applicable redemption date.

Financing Transactions

Below we provide summary descriptions of certain financing transactions completed during 2021, 2020 and 2019. A portion of our financing transactions may include non-cash borrowings and repayments. During 2020 and 2019, non-cash borrowings and repayments aggregated \$3,525.2 million and \$3,300.2 million, respectively including amounts related to the U.K. JV Entities.

UPC Holding - 2021 and 2020 Financing Transactions

2021 Transactions

In April 2021, UPC Holding issued \$1,250.0 million principal amount of U.S. dollar-denominated senior secured notes (the **2031 UPC Senior Secured Notes**) and used the proceeds to fund **UPC Facility AZ**, an additional facility under the UPC Holding Bank Facility. UPC Facility AZ was issued at par, matures on July 15, 2031 and bears interest at a rate of 4.875%. The net proceeds from UPC Facility AZ, together with existing cash, were used to prepay (i) in full the €540.0 million (\$660.1 million) outstanding principal amount under UPC Facility AK, together with accrued and unpaid interest and the related prepayment premiums which, in turn, was used to redeem in full the €540.0 million outstanding principal amount of UPCB Finance IV Euro Notes on behalf of UPCB Finance IV, and (ii) \$600.0 million of the \$2,600.0 million outstanding aggregate principal amount under UPC Facility AV and UPC Facility AV2 (as defined and described below).

In April 2021, UPC Holding (i) increased its commitments under UPC Facility AV and UPC Facility AW (each as defined within *2020 Transactions* below) by entering into an additional (a) \$1,300.0 million term loan facility (**UPC Facility AV2**) and (b) €400.0 million (\$489.0 million) term loan facility (**UPC Facility AW2**), respectively, and (ii) entered into an agreement with certain financial institutions to provide (1) a \$1,925.0 million term loan facility (**UPC Facility AX**) and (2) a €862.5 million (\$1,054.4 million) term loan facility (**UPC Facility AY**). UPC Facility AV2 and UPC Facility AW2 were each issued at par, with terms consistent to those of UPC Facility AV and UPC Facility AW, respectively. UPC Facility AX will be issued at 99.0% of par, mature on January 31, 2029 and bear interest at a rate of LIBOR + 3.0%, subject to a LIBOR floor of 0.0%. UPC Facility AY will be issued at 99.75% of par, mature on January 31, 2029 and bear interest at a rate of EURIBOR + 3.0%, subject to a EURIBOR floor of 0.0%. The proceeds from UPC Facility AV2 and UPC Facility AW2 were used to prepay in full the (A) \$1,300.0 million outstanding principal amount under UPC Facility AV1 and (B) €400.0 million outstanding principal amount under UPC Facility AW1 (each as defined within *2020 Transactions* below), respectively. The proceeds from UPC Facility AX and UPC Facility AY will be used to prepay in full the (I) \$2,000.0 million outstanding aggregate principal amount under UPC Facility AV and UPC Facility AV2 and (II) €800.0 million (\$978.0 million) outstanding aggregate principal amount under UPC Facility AW and UPC Facility AW2. Any remaining proceeds can be used for general corporate purposes.

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2020 Transactions

In January 2020, UPC Holding entered into (i) a \$700.0 million term loan facility (**UPC Facility AT**) and (ii) a €400.0 million (\$489.0 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 UPC Facility AT and UPC Facility AU were used to prepay in full the \$1,140.0 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, UPC Holding recognized a loss on debt extinguishment of \$35.6 million related to (a) the payment of \$30.7 million of redemption premiums and (b) the write-off of \$4.9 million of unamortized deferred financing costs and discounts.

In August 2020, in connection with the Sunrise Acquisition, UPC Holding entered into (i) a \$1,300.0 million term loan facility (**UPC Facility AV**), (ii) a €400.0 million (\$489.0 million) term loan facility (**UPC Facility AW**), (iii) a \$1,300.0 million term loan facility (**UPC Facility AV1**), (iv) a €400.0 million term loan facility (**UPC Facility AW1**) and (v) a €236.4 million (\$289.0 million) equivalent multi-currency revolving facility, part of which has been made available as an ancillary facility (the **Revolving Facility**, and together with UPC Facility AV, UPC Facility AW, UPC Facility AV1 and UPC Facility AW1, the **UPC Sunrise Facilities**). UPC Facility AV and UPC Facility AV1 were each issued at 99.0% of par, mature on January 31, 2029 and bear interest at a rate of LIBOR + 3.50%, subject to a LIBOR floor of 0.0%. UPC Facility AW and UPC Facility AW1 were each issued at 98.5% of par, mature on January 31, 2029 and bear interest at a rate of EURIBOR + 3.50%, subject to a EURIBOR floor of 0.0%. The Revolving Facility matures on May 31, 2026 and bears interest at a rate of EURIBOR + 2.50%. The Revolving Facility, which is only available to be utilized by the borrowers under UPC Facility AV1 and UPC Facility AW1 and the entities acquired in the Sunrise Acquisition, can be used for ongoing working capital requirements and general corporate purposes.

In November 2020, upon completion of the Sunrise Acquisition, the proceeds from (i) UPC Facility AV and UPC Facility AW, together with existing liquidity of Liberty Global, were used to fund the Offer and (ii) UPC Facility AV1 and UPC Facility AW1 were used to refinance the existing debt of Sunrise, as further described in note 4. In connection with these transactions, UPC Holding recognized a net loss on debt extinguishment of \$7.5 million primarily related to (a) the payment of \$13.1 million of redemption premiums and (b) the write-off of \$5.2 million of unamortized deferred financing costs, discounts and premiums.

UPC Holding - 2019 Financing Transactions

During 2019, UPC Holding completed a number of financing transactions that generally resulted in lower interest rates and extended maturities. In connection with these transactions, UPC Holding recognized a loss on debt extinguishment of \$15.4 million related to the write-off of unamortized deferred financing costs and discounts.

Telenet - 2020 Financing Transactions

In January 2020, Telenet entered into (i) a \$2,295.0 million term loan facility (**Telenet Facility AR**) and (ii) a €1,110.0 million (\$1,357.0 million) term loan facility (**Telenet Facility AQ**). Telenet Facility AR was issued at 99.75% of par, matures on April 30, 2028 and bears interest at a rate of LIBOR + 2.0%, subject to a LIBOR floor of 0.0%. Telenet Facility AQ was issued at par, matures on April 30, 2029 and bears interest at a rate of EURIBOR + 2.25%, subject to a EURIBOR floor of 0.0%. The net proceeds from Telenet Facility AR and Telenet Facility AQ, together with existing cash, were used to prepay in full (a) the \$2,295.0 million outstanding principal amount under Telenet Facility AN and (b) the €1,110.0 million outstanding principal amount under Telenet Facility AO. In connection with these transactions, Telenet recognized a net loss on debt extinguishment of \$18.9 million related to the write-off of unamortized deferred financing costs, discounts and premiums.

Telenet - 2019 Financing Transactions

During 2019, Telenet completed a number of financing transactions that generally resulted in lower interest rates and extended maturities. In connection with these transactions, Telenet recognized a loss on debt extinguishment of \$54.7 million

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related to (i) the payment of redemption premiums of \$50.4 million and (ii) the write-off of unamortized deferred financing costs and discounts of \$4.3 million.

Virgin Media - 2020 Financing Transactions

In connection with the pending formation of the U.K. JV, the outstanding third-party debt of Virgin Media and certain of its subsidiaries has been classified as liabilities associated with assets held for sale in our December 31, 2020 consolidated statement of financial position. For information regarding the pending formation of the U.K. JV and the held-for-sale presentation of the U.K. JV Entities, see note 5.

Trade Receivables Transaction. In May 2020, Virgin Media Trade Receivables Financing plc, a third-party special purpose financing entity, was created for the purpose of facilitating the offering of certain notes. These notes are collateralized by certain trade receivables of Virgin Media, creating a variable interest in which Virgin Media is the primary beneficiary and, accordingly, Virgin Media, and ultimately Liberty Global, are required to consolidate Virgin Media Trade Receivables Financing plc. The offering of these notes resulted in net proceeds of £214.4 million (\$292.7 million) (the **May 2020 Proceeds**).

Senior Notes Transactions. In June 2020, Virgin Media issued \$675.0 million principal amount of U.S. dollar-denominated senior notes (the **2030 VM Dollar Senior Notes**). The 2030 VM Dollar Senior Notes were issued at par, mature on July 15, 2030 and bear interest at a rate of 5.0%. The net proceeds from the issuance of these notes, together with the May 2020 Proceeds, were used to redeem in full (i) €460.0 million (\$562.3 million) outstanding principal amount of 2025 VM Euro Senior Notes and (ii) \$388.7 million outstanding principal amount of 2025 VM Dollar Senior Notes. Virgin Media then issued (a) an additional \$250.0 million principal amount of 2030 VM Dollar Senior Notes at 101% of par and (b) €500.0 million (\$611.2 million) principal amount of euro-denominated senior notes (the **2030 VM Euro Senior Notes**). The 2030 VM Euro Senior Notes were issued at par, mature on July 15, 2030 and bear interest at a rate of 3.75%. The net proceeds from the issuance of these notes were used (1) to redeem in full (A) \$497.0 million outstanding principal amount of 2024 VM Dollar Senior Notes, (B) \$71.6 million outstanding principal amount of 2022 VM 4.875% Dollar Senior Notes, (C) \$51.5 million outstanding principal amount of 2022 VM 5.25% Dollar Senior Notes and (D) £44.1 million (\$60.2 million) outstanding principal amount of 2022 VM Sterling Senior Notes and (2) for general corporate purposes. In connection with these transactions, Virgin Media recognized a net loss on debt extinguishment of \$57.5 million related to (I) the payment of \$50.8 million of redemption premiums and (II) the write-off of \$6.7 million of unamortized deferred financing costs, discounts and premiums.

Senior Secured Notes Transactions. In June 2020, Virgin Media issued (i) \$650.0 million principal amount of U.S. dollar-denominated senior secured notes (the **2030 VM Dollar Senior Secured Notes**) and (ii) £450.0 million (\$614.3 million) principal amount of sterling-denominated senior secured notes (the **2030 VM 4.125% Sterling Senior Secured Notes**). The 2030 VM Dollar Senior Secured Notes and 2030 VM 4.125% Sterling Senior Secured Notes were each issued at par, mature on August 15, 2030 and bear interest at a rate of 4.5% and 4.125%, respectively. The net proceeds from the issuance of these notes, together with existing cash, were used to (a) redeem in full £525.0 million (\$716.7 million) outstanding principal amount of 2027 VM 4.875% Sterling Senior Secured Notes, (b) redeem in full £360.0 million (\$491.5 million) outstanding principal amount of 2029 VM 6.25% Sterling Senior Secured Notes and (c) redeem £80.0 million (\$109.2 million) of the £521.3 million (\$711.7 million) outstanding principal amount of 2025 VM Sterling Senior Secured Notes. In connection with these transactions, Virgin Media recognized a net loss on debt extinguishment of \$65.7 million related to (1) the payment of \$64.7 million of redemption premiums and (2) the write-off of \$1.0 million of unamortized deferred financing costs, discounts and premiums.

In November 2020, Virgin Media issued via a private placement an additional (i) \$265.0 million principal amount of 2030 VM Dollar Senior Secured Notes, (ii) £235.0 million (\$320.8 million) principal amount of 4.25% sterling-denominated senior secured notes and (iii) £30.0 million (\$41.0 million) principal amount of 2030 VM 4.125% Sterling Senior Secured Notes. The net proceeds from the issuance of these notes were used (a) to redeem in full the £441.3 million (\$602.5 million) outstanding principal amount of 2025 VM Sterling Senior Secured Notes and (b) for general corporate purposes. In connection with this transaction, Virgin Media recognized a loss on debt extinguishment of \$5.3 million related to the payment of redemption premiums.

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Vendor Financing Notes Transactions. In June 2020, Virgin Media Vendor Financing Notes III Designated Activity Company (**Virgin Media Financing III Company**) and Virgin Media Vendor Financing Notes IV Designated Activity Company (**Virgin Media Financing IV Company**), and together with Virgin Media Financing III Company, the **2020 VM Financing Companies**) were created for the purpose of issuing certain vendor financing notes. The 2020 VM Financing Companies are third-party special purpose financing entities that are not consolidated by Virgin Media or Liberty Global.

Virgin Media Financing III Company issued (i) £500.0 million (\$682.6 million) principal amount of 4.875% vendor financing notes at par and (ii) £400.0 million (\$546.1 million) principal amount of 4.875% vendor financing notes at 99.5% of par, each due July 15, 2028 (together, the **VM Vendor Financing III Notes**). Virgin Media Financing IV Company issued \$500.0 million principal amount of 5.0% vendor financing notes due July 15, 2028 at par (the **VM Vendor Financing IV Notes**), and together with the VM Vendor Financing III Notes, the **June 2020 Vendor Financing Notes**). The net proceeds from the June 2020 Vendor Financing Notes were used by the 2020 VM Financing Companies to purchase certain vendor-financed receivables owed by Virgin Media and its subsidiaries from previously-existing third-party special purpose financing entities (the **Original VM Financing Companies**) and various other third parties. As a result, Virgin Media paid \$42.0 million of redemption premiums, which is included in net finance costs in our consolidated statement of profit or loss for the year ended December 31, 2020. To the extent that the proceeds from the June 2020 Vendor Financing Notes exceed the amount of vendor-financed receivables available to be purchased from the Original VM Financing Companies and various other third parties, the excess proceeds are used to fund excess cash facilities under certain credit facilities of Virgin Media. As additional vendor financed receivables become available for purchase, the 2020 VM Financing Companies can request that Virgin Media repay any amounts available under these excess cash facilities.

Virgin Media - 2019 Financing Transactions

During 2019, Virgin Media completed a number of financing transactions that generally resulted in lower interest rates and extended maturities. In connection with these transactions, Virgin Media recognized a net loss on debt extinguishment of \$144.6 million related to (i) the payment of redemption premiums of \$121.8 million and (ii) the write-off of net unamortized deferred financing costs, discounts and premiums of \$22.8 million.

Other 2020 Financing Transactions

In September 2020, in connection with the pending formation of the U.K. JV, certain subsidiaries of Liberty Global completed various financing transactions, as further described below. Due to the held-for-sale presentation of the U.K. JV Entities, the results of the below transactions have been classified as liabilities associated with assets held for sale in our December 31, 2020 consolidated statement of financial position. For additional information regarding the pending formation of the U.K. JV and the held-for-sale presentation of the U.K. JV Entities, see note 5.

Senior Secured Notes Transactions. Certain of the U.K. JV Entities outside of the Virgin Media borrowing group issued (i) \$1,350.0 million principal amount of U.S. dollar-denominated senior secured notes (the **2031 VM O2 Dollar Senior Secured Notes**), (ii) €950.0 million (\$1,161.4 million) principal amount of euro-denominated senior secured notes (the **2031 VM O2 Euro Senior Secured Notes**) and (iii) £600.0 million (\$819.1 million) principal amount of sterling-denominated senior secured notes (the **2029 VM O2 Sterling Senior Secured Notes**), and together with the 2031 VM O2 Dollar Senior Secured Notes and the 2031 VM O2 Euro Senior Secured Notes, the **VM O2 Notes**). The 2031 VM O2 Dollar Senior Secured Notes and 2031 VM O2 Euro Senior Secured Notes were each issued at par, mature on January 31, 2031 and bear interest at a rate of 4.25% and 3.25%, respectively. The 2029 VM O2 Sterling Senior Secured Notes were issued at par, mature on January 31, 2029 and bear interest at a rate of 4.0%. The proceeds from the issuance of the VM O2 Notes were placed into certain escrow accounts (the **Escrowed Proceeds**), which are included in assets held for sale in our December 31, 2020 consolidated statement of financial position. Upon formation of the U.K. JV, the Escrowed Proceeds will be used to fund certain facility loans under the existing Virgin Media credit facility agreement to VMED O2 UK Holdco 4 Limited (the **New VM Credit Facility Borrower**), an entity that upon closing of the U.K. JV will be within the Virgin Media senior secured borrowing group. The New VM Credit Facility Borrower will use such loan proceeds, together with the proceeds from the VM O2 Facilities (as defined and described below), for the purpose of (a) funding a dividend, distribution or other payment to VMED O2 UK Limited (which, upon formation of the U.K. JV, will become the ultimate parent company of the U.K. JV), and ultimately to Liberty Global and Telefónica, and (b) paying fees and expenses related to the formation of the U.K. JV.

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If the formation of the U.K. JV is not consummated on or before May 7, 2022 (the **Long Stop Date**) or, if the Long Stop Date is postponed in accordance with the terms of the agreement, on or before November 7, 2022, or upon the occurrence of certain other events, the VM O2 Notes will be redeemed at a redemption price equal to 100% of the principal amount of the applicable VM O2 Notes plus accrued and unpaid interest and additional amounts, if any, up to but excluding the date of the redemption.

Facility Transactions. In addition to the senior secured notes transactions described above, (i) the New VM Credit Facility Borrower entered into (a) a £1,500.0 million (\$2,047.8 million) term loan facility (**VM O2 Facility P**) and (b) a €750.0 million (\$916.9 million) term loan facility (**VM O2 Facility R**) and (ii) an entity within the Virgin Media borrowing group entered into a \$1,300.0 million term loan facility (**VM O2 Facility Q**, and together with VM O2 Facility P and VM O2 Facility R, the **VM O2 Facilities**). VM O2 Facility P will be issued at par, mature on January 31, 2026 and bear interest at a rate of LIBOR + 2.75%. VM O2 Facility R will be issued at 99.0% of par, mature on January 31, 2029 and bear interest at a rate of EURIBOR + 3.25%, subject to a EURIBOR floor of 0.0%. VM O2 Facility Q will be issued at 98.5% of par, mature on January 31, 2029 and bear interest at a rate of LIBOR + 3.25%, subject to a LIBOR floor of 0.0%.

At December 31, 2020, the VM O2 Facilities were undrawn and are only available to be drawn and utilized upon consummation of the U.K. JV, as further described above. Accordingly, Liberty Global and Virgin Media's unused borrowing capacity at December 31, 2020 excludes the availability under the VM O2 Facilities, as applicable. In the event that the formation of the U.K. JV is not successfully completed, the VM O2 Facilities will be cancelled.

Maturities of Debt

Maturities of our debt as of December 31, 2020 are presented below for the named borrowing group, unless otherwise noted, and represent U.S. dollar equivalents based on December 31, 2020 exchange rates. As a result of the held-for-sale presentation of the U.K. JV Entities in our December 31, 2020 consolidated statement of financial position, the amounts presented below do not include maturities of the debt obligations of these entities. For information regarding the held-for-sale presentation of the U.K. JV Entities, see note 5.

	Telenet	UPC Holding (a)	Other (b)	Total
	in millions			
Year ending December 31:				
2021	\$ 443.2	\$ 380.2	\$ 231.0	\$ 1,054.4
2022	11.3	—	428.4	439.7
2023	12.0	—	173.7	185.7
2024	11.9	—	19.5	31.4
2025	12.0	—	1.2	13.2
Thereafter	5,412.9	7,422.3	—	12,835.2
Total debt maturities (c)	5,903.3	7,802.5	853.8	14,559.6
Deferred financing costs, discounts, premiums and accrued interest, net	43.0	(21.3)	4.3	26.0
Total debt	<u>\$ 5,946.3</u>	<u>\$ 7,781.2</u>	<u>\$ 858.1</u>	<u>\$ 14,585.6</u>
Current portion	<u>\$ 503.4</u>	<u>\$ 457.4</u>	<u>\$ 237.7</u>	<u>\$ 1,198.5</u>
Non-current portion	<u>\$ 5,442.9</u>	<u>\$ 7,323.8</u>	<u>\$ 620.4</u>	<u>\$ 13,387.1</u>

- (a) Amounts include the UPCB SPE Notes issued by the UPCB SPEs. As described above, the UPCB SPEs are consolidated by UPC Holding and Liberty Global.
- (b) Amounts include \$415.9 million related to the ITV Collar Loan. The ITV Collar Loan has various maturity dates through 2022 consistent with the ITV Collar (see notes 7 and 8). We may elect to use cash or the collective value of the related shares and equity-related derivative instrument to settle the remaining amounts under the ITV Collar Loan.

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(c) Amounts include vendor financing obligations of \$1,142.9 million, as set forth below:

	<u>Telenet</u>	<u>UPC Holding</u>	<u>Other</u>	<u>Total</u>
	in millions			
Year ending December 31:				
2021	\$ 429.2	\$ 380.2	\$ 149.9	\$ 959.3
2022	—	—	93.6	93.6
2023	—	—	69.2	69.2
2024	—	—	19.5	19.5
2025	—	—	1.3	1.3
Total vendor financing maturities	<u>\$ 429.2</u>	<u>\$ 380.2</u>	<u>\$ 333.5</u>	<u>\$ 1,142.9</u>
Current portion	<u>\$ 429.2</u>	<u>\$ 380.2</u>	<u>\$ 149.9</u>	<u>\$ 959.3</u>
Non-current portion	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 183.6</u>	<u>\$ 183.6</u>

(15) Leases

General

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

ROU Assets

A summary of our ROU assets is set forth below:

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
	in millions	
Distribution systems	\$ 1,485.1	\$ 575.8
Support equipment, buildings and land	386.1	490.8
Customer premises equipment	—	2.3
Total ROU assets (a)	<u>\$ 1,871.2</u>	<u>\$ 1,068.9</u>

- (a) Our ROU assets are included within property and equipment, net, in our consolidated statements of financial position. At December 31, 2020, the weighted average remaining lease term was 15.2 years and the weighted average discount rate was 5.9%. During 2020 and 2019, we recorded additions to our ROU assets associated with leases of \$177.1 million and \$162.1 million, respectively.

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Lease Expense

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

	Year ended December 31,	
	2020	2019
	in millions	
Lease expense:		
Depreciation and amortization:		
Distribution systems	\$ 121.8	\$ 97.0
Support equipment, buildings and land	121.7	103.0
Customer premises equipment	1.7	3.9
Total depreciation and amortization	245.2	203.9
Interest expense	73.3	54.9
Short-term lease expense (a)	6.8	8.0
Variable lease expense (b)	4.6	4.8
Total lease expense	<u>\$ 329.9</u>	<u>\$ 271.6</u>

- (a) Our short-term lease expense is included in cost of services, G&A expenses and impairment, restructuring and other operating items, net in our consolidated statements of profit or loss.
- (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 cost of services in our consolidated statements of profit or loss.

Cash Flows from Leases

Our total cash outflows from leases during 2020 and 2019 were \$257.8 million and \$229.3 million, respectively.

Lease Liabilities

Maturities of our lease liabilities as of December 31, 2020 are presented below (in millions). Amounts represent U.S. dollar equivalents based on December 31, 2020 exchange rates:

Year ending December 31:	
2021	\$ 319.4
2022	294.9
2023	286.1
2024	231.0
2025	214.1
Thereafter	1,482.0
Total payments	2,827.5
Less: present value discount	(823.3)
Present value of lease payments (a)	<u>\$ 2,004.2</u>
Current portion (a)	<u>\$ 256.6</u>
Noncurrent portion (a)	<u>\$ 1,747.6</u>

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- (a) The current and non-current portions of our lease liabilities are included in current portion of debt and lease obligations and non-current debt and lease obligations, respectively, in our consolidated statements of financial position.

(16) Provisions

A summary of changes of our provisions during 2020 is set forth in the table below:

	Tax liabilities	Employee benefit plans	Legal and regulatory	Asset retirement obligations	Onerous contracts	Restructuring	Other	Total
in millions								
January 1, 2020	\$ 466.4	\$ 37.7	\$ 97.9	\$ 186.7	\$ 18.4	\$ 32.7	\$ 37.5	\$ 877.3
Reclassification to assets held for sale (a)	(49.5)	(0.1)	(5.4)	(152.7)	—	(5.4)	(0.1)	(213.2)
Acquisitions	0.3	74.4	—	60.7	—	1.3	—	136.7
Cash receipts (payments)	(0.2)	9.1	—	(2.3)	—	(56.2)	—	(49.6)
Charges (credits) to consolidated statement of profit or loss	(87.8)	(0.3)	1.4	0.7	1.0	45.6	5.4	(34.0)
Foreign currency translation adjustments and other	(0.8)	3.8	28.8	(11.7)	1.8	2.3	9.1	33.3
December 31, 2020	<u>\$ 328.4</u>	<u>\$ 124.6</u>	<u>\$ 122.7</u>	<u>\$ 81.4</u>	<u>\$ 21.2</u>	<u>\$ 20.3</u>	<u>\$ 51.9</u>	<u>\$ 750.5</u>

- (a) Primarily represents the reclassification of the provisions associated with the U.K. JV Entities as of December 31, 2020 to liabilities associated with assets held for sale. For information regarding the held-for-sale presentation of the U.K. JV Entities, see note 5.

Our restructuring charges during 2020 included employee severance and termination costs related to certain reorganization activities of \$15.0 million in Switzerland, \$12.9 million in U.K./Ireland and \$5.9 million in Central and Corporate.

See note 10 for information regarding our provisional tax liabilities.

(17) Employee Benefit Plans

Certain of our subsidiaries maintain various funded and unfunded defined benefit plans for their employees.

The table below provides summary information on the defined benefit plans:

	Year ended December 31,	
	2020	2019
in millions		
Fair value of plan assets (a)	<u>\$ 1,196.8</u>	<u>\$ 1,500.0</u>
Projected benefit obligation	<u>\$ 1,302.2</u>	<u>\$ 1,407.5</u>
Impact of minimum funding requirements/asset ceiling	<u>\$ 1.8</u>	<u>\$ 1.9</u>
Net asset (liability)	<u>\$ (107.2)</u>	<u>\$ 90.6</u>

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- (a) Due to the held-for-sale presentation of the U.K. JV Entities, amounts as of December 31, 2020 exclude the defined benefit pension plans associated with such entities.
- (b) The fair value of plan assets at December 31, 2020 includes \$710.3 million and \$486.5 million of assets that are valued based on Level 1 and Level 2 inputs, respectively, of the fair value hierarchy (as further described in note 9). Our plan assets comprise investments in debt securities, equity securities, hedge funds, insurance contracts and certain other assets.

Our net periodic pension cost was \$33.4 million and \$18.7 million during 2020 and 2019, respectively.

(18) Segment Reporting

We generally identify our reportable segments as (i) those consolidated subsidiaries that represent 10% or more of our revenue, Adjusted EBITDA (as defined below) or total assets or (ii) those equity method affiliates where our investment or share of revenue or Adjusted EBITDA represents 10% or more of our total assets, revenue or Adjusted EBITDA, respectively. 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 Adjusted EBITDA. In addition, we review non-financial measures such as customer growth, as appropriate.

Adjusted EBITDA 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, “**Adjusted EBITDA**” is defined as profit (loss) from continuing operations before net income tax benefit (expense), other non-operating income or expenses, net share of results of affiliates, net finance costs, depreciation and amortization, share-based compensation, 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 non-current 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 Adjusted EBITDA 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 Adjusted EBITDA from continuing operations to loss from continuing operations is presented below.

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

Consolidated:

- U.K./Ireland
- Belgium
- Switzerland
- Central and Eastern Europe

Nonconsolidated:

- VodafoneZiggo JV

All of our reportable segments derive their revenue primarily from residential and B2B communications services, including broadband internet, video, fixed-line telephony and mobile services.

Our central and corporate functions (**Central and Corporate**) primarily include (i) services provided to the VodafoneZiggo JV and various third parties related to transitional service agreements, (ii) sales of customer premises

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equipment to the VodafoneZiggo JV and (iii) certain centralized functions, including billing systems, network operations, technology, marketing, facilities, finance and other administrative functions.

Performance Measures of Our Reportable Segments

The amounts presented below represent 100% of each of our reportable segment's revenue and Adjusted EBITDA. As we have the ability to control Telenet, we consolidate 100% of Telenet's revenue and expenses in our consolidated statements of profit or loss despite the fact that third parties own a significant interest. The noncontrolling owners' interests in the operating results of Telenet and other less significant majority-owned subsidiaries are reflected in net profit or loss attributable to noncontrolling interests in our consolidated statements of operations. Similarly, despite only holding a 50% noncontrolling interest in the VodafoneZiggo JV, we present 100% of its revenue and Adjusted EBITDA in the tables below. Our share of the VodafoneZiggo JV's operating results is included in share of results of affiliates, net, in our consolidated statements of profit or loss.

	Year ended December 31,			
	2020		2019	
	Revenue	Adjusted EBITDA	Revenue	Adjusted EBITDA
	in millions			
U.K./Ireland	\$ 6,588.4	\$ 2,712.2	\$ 6,600.3	\$ 2,845.3
Belgium	2,941.0	1,541.0	2,891.0	1,479.2
Switzerland	1,573.8	720.6	1,258.8	650.6
Central and Eastern Europe	486.9	221.3	475.4	221.6
Central and Corporate	394.5	(92.7)	316.4	(164.3)
Intersegment eliminations (a)	(4.3)	—	(2.4)	1.1
Total	<u>\$ 11,980.3</u>	<u>\$ 5,102.4</u>	<u>\$ 11,539.5</u>	<u>\$ 5,033.5</u>
VodafoneZiggo JV	<u>\$ 4,565.4</u>	<u>\$ 2,142.0</u>	<u>\$ 4,407.8</u>	<u>\$ 1,987.7</u>

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

The following table provides a reconciliation of loss from continuing operations to Adjusted EBITDA:

	Year ended December 31,	
	2020	2019
	in millions	
Loss from continuing operations	\$ (1,536.0)	\$ (1,463.5)
Income tax expense (benefit)	(246.1)	245.7
Other expense (income), net	(3.2)	26.0
Share of results of affiliates, net	251.0	196.1
Net finance costs	3,704.8	1,788.5
Operating profit	2,170.5	792.8
Impairment, restructuring and other operating items, net	93.2	86.1
Depreciation and amortization	2,496.4	3,842.5
Share-based compensation expense	342.3	312.1
Adjusted EBITDA	<u>\$ 5,102.4</u>	<u>\$ 5,033.5</u>

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Property, Equipment and Intangible Asset Additions of our Reportable Segments

The property, equipment and intangible asset additions of the reportable segments of our continuing operations are presented below and reconciled to the capital expenditure amounts included in our consolidated statements of cash flows. The amounts presented below include capital additions financed under vendor financing or lease arrangements. For additional information concerning capital additions financed under vendor financing and lease arrangements, see notes 6 and 15.

	Year ended December 31,			
	2020		2019	
	Intangible Assets	Property and equipment	Intangible Assets	Property and equipment
	in millions			
U.K./Ireland	\$ 159.7	\$ 1,311.0	\$ 112.5	\$ 1,518.3
Belgium	334.0	329.0	194.8	408.2
Switzerland	66.3	256.0	59.3	228.1
Central and Eastern Europe	12.9	94.4	6.0	106.9
Central and Corporate (a)	303.7	40.5	321.7	55.1
Total additions	<u>\$ 876.6</u>	<u>\$ 2,030.9</u>	<u>\$ 694.3</u>	<u>\$ 2,316.6</u>

- (a) Includes amounts that represent the net impact of changes in inventory levels associated with certain centrally-procured network equipment. Most of this equipment is ultimately transferred to our operating subsidiaries.

The following table provides a reconciliation of the total property, equipment and intangible asset additions to total capital expenditures of our continuing operations:

	Year ended December 31,	
	2020	2019
	in millions	
Total property, equipment and intangible asset additions	\$ 2,907.5	\$ 3,010.9
Assets acquired under capital-related vendor financing arrangements	(1,371.1)	(1,727.0)
Assets acquired under leases	(177.1)	(162.1)
Changes in current liabilities related to capital expenditures	75.8	172.2
Total capital expenditures, net	<u>\$ 1,435.1</u>	<u>\$ 1,294.0</u>
Capital expenditures, net:		
Third-party payments	\$ 1,437.6	\$ 1,374.8
Proceeds received for transfers to related parties (a)	(2.5)	(80.8)
Total capital expenditures, net	<u>\$ 1,435.1</u>	<u>\$ 1,294.0</u>

- (a) Primarily relates to transfers of centrally-procured property and equipment to the VodafoneZiggo JV and, for 2019, our discontinued operations.

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Revenue by Major Category

Our revenue by major category for our consolidated reportable segments is set forth below:

	Year ended December 31,	
	2020	2019
	in millions	
Residential revenue:		
Residential cable revenue (a):		
Subscription revenue (b):		
Broadband internet.....	\$ 3,272.5	\$ 3,187.4
Video.....	2,714.5	2,721.9
Fixed-line telephony.....	1,344.6	1,413.2
Total subscription revenue.....	7,331.6	7,322.5
Non-subscription revenue.....	220.7	198.1
Total residential cable revenue.....	7,552.3	7,520.6
Residential mobile revenue (c):		
Subscription revenue (b).....	1,091.8	932.1
Non-subscription revenue.....	692.0	688.2
Total residential mobile revenue.....	1,783.8	1,620.3
Total residential revenue.....	9,336.1	9,140.9
B2B revenue (d):		
Subscription revenue.....	524.5	472.5
Non-subscription revenue.....	1,524.7	1,441.5
Total B2B revenue.....	2,049.2	1,914.0
Other revenue (e).....	595.0	484.6
Total.....	<u>\$ 11,980.3</u>	<u>\$ 11,539.5</u>

- (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 broadband internet, video, 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 (i) 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 and (ii) revenue from long-term leases of portions of our network.

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- (e) Other revenue includes, among other items, (i) broadcasting revenue in Belgium and Ireland, (ii) revenue earned from transitional and other services provided to various third parties and (iii) revenue earned from the JV Services and the sale of customer premises equipment to the VodafoneZiggo JV.

Geographic Segments

The revenue of our geographic segments is set forth below:

	Year ended December 31,	
	2020	2019
	in millions	
U.K.....	\$ 6,076.7	\$ 6,086.2
Belgium.....	2,941.0	2,891.0
Switzerland.....	1,573.8	1,258.8
Ireland.....	511.7	514.1
Poland.....	436.2	425.7
Slovakia.....	50.7	49.7
Other, including intersegment eliminations.....	390.2	314.0
Total.....	<u>\$ 11,980.3</u>	<u>\$ 11,539.5</u>
VodafoneZiggo JV (the Netherlands).....	<u>\$ 4,565.4</u>	<u>\$ 4,407.8</u>

The non-current assets of our geographic segments are set forth below:

	Year ended December 31,	
	2020	2019
	in millions	
Switzerland.....	\$ 13,464.3	\$ 4,362.0
Belgium.....	6,478.7	6,153.9
Poland.....	952.5	953.7
Ireland.....	833.2	766.5
Slovakia.....	137.0	127.1
U.K. (a).....	38.9	15,648.3
U.S. and other (b).....	1,020.7	1,108.2
Total.....	<u>\$ 22,925.3</u>	<u>\$ 29,119.7</u>

- (a) The December 31, 2020 amount relates to certain Liberty Global subsidiaries located in the U.K. that will not be contributed to the U.K. JV pursuant to the Contribution Agreement. As of December 31, 2020, the non-current assets associated with the U.K. JV Entities are presented in assets held for sale in our consolidated statement of financial position.
- (b) Primarily relates to certain non-current assets included in Central and Corporate.

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(19) Financial Risk Management

Overview

We have exposure to the following risks that arise from our financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

Our exposure to each of these risks, the policies and procedures that we use to manage these risks and our approach to capital management are discussed below.

Credit Risk

Credit risk is the risk that we would experience financial loss if our customers or the counterparties to our financial instruments and cash investments were to default on their obligations to us.

We manage the credit risks associated with our trade receivables by performing credit verifications, following established dunning procedures and engaging collection agencies. We also manage this risk by disconnecting services to customers whose accounts are delinquent. Concentration of credit risk with respect to trade receivables is limited due to the large number of customers and their dispersion across many different countries. For information regarding the aging of our trade receivables, see note 11.

We are exposed to the risk that the counterparties to the derivative instruments, undrawn debt facilities and cash investments of our subsidiary borrowing groups 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 and undrawn debt facilities is spread across a relatively broad counterparty base of banks and financial institutions. With the exception of a limited number of instances where we have required a counterparty to post collateral, neither party has posted collateral under the derivative instruments of our subsidiary borrowing groups. Collateral is generally not posted by either party under the derivative instruments of our subsidiary borrowing groups. Most of our cash currently is invested in either (i) AAA credit rated money market funds, including funds that invest in government obligations, or (ii) overnight deposits with banks having a minimum credit rating of A by Standard & Poor's or an equivalent rating by Moody's Investor Service. To date, neither the access to nor the value of our cash and cash equivalent balances have been adversely impacted by liquidity problems of financial institutions.

At December 31, 2020, our exposure to counterparty credit risk included (i) derivative assets with an aggregate fair value of \$83.2 million, (ii) cash and cash equivalent and restricted cash balances of \$4,717.3 million and (iii) aggregate undrawn debt facilities of \$1,554.5 million.

Each of our subsidiary borrowing groups have entered into derivative instruments under master agreements with each counterparty that contain master netting arrangements that are applicable in the event of early termination by either party to such derivative instrument. The master netting arrangements are limited to the derivative instruments, and derivative-related debt instruments, governed by the relevant master agreement within each individual borrowing group and are independent of similar arrangements of our other subsidiary borrowing groups.

Under our derivative contracts, it is generally only the non-defaulting party that has a contractual option to exercise early termination rights upon the default of the other counterparty and to set off other liabilities against sums due upon such termination. However, in an insolvency of a derivative counterparty, under the laws of certain jurisdictions, the defaulting counterparty or its insolvency representatives may be able to compel the termination of one or more derivative contracts and trigger early termination payment liabilities payable by us, reflecting any mark-to-market value of the contracts for the counterparty. Alternatively, or in addition, the insolvency laws of certain jurisdictions may require the mandatory set off of amounts due under such derivative contracts against present and future liabilities owed to us under other contracts between us and the relevant counterparty. Accordingly, it is possible that we may be subject to obligations to make payments, or may have

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present or future liabilities owed to us partially or fully discharged by set off as a result of such obligations, in the event of the insolvency of a derivative counterparty, even though it is the counterparty that is in default and not us. To the extent that we are required to make such payments, our ability to do so will depend on our liquidity and capital resources at the time. In an insolvency of a defaulting counterparty, we will be an unsecured creditor in respect of any amount owed to us by the defaulting counterparty, except to the extent of the value of any collateral we have obtained from that counterparty.

In addition, where a counterparty is in financial difficulty, under the laws of certain jurisdictions, the relevant regulators may be able to (i) compel the termination of one or more derivative instruments, determine the settlement amount and/or compel, without any payment, the partial or full discharge of liabilities arising from such early termination that are payable by the relevant counterparty or (ii) transfer the derivative instruments to an alternative counterparty.

While we currently have no specific concerns about the creditworthiness of any counterparty for which we have material credit risk exposures, we cannot rule out the possibility that one or more of our counterparties could fail or otherwise be unable to meet its obligations to us. Any such instance could have an adverse effect on our cash flows, results of operations, financial condition and/or liquidity.

Although we actively monitor the creditworthiness of our key vendors, the financial failure of a key vendor could disrupt our operations and have an adverse impact on our revenue and cash flows.

Liquidity Risk

Liquidity risk is the risk that we will encounter difficulty in meeting our financial obligations. In addition to cash and cash equivalents, our primary sources of liquidity are cash provided by operations and access to available borrowing capacity under our various debt facilities. For information regarding our borrowing availability, see note 14.

Our corporate liquidity requirements include (i) corporate general and administrative expenses, (ii) interest payments on the ITV Collar Loan and (iii) principal payments on the ITV Collar Loan to the extent not settled through the delivery of the underlying shares. In addition, Liberty Global and its unrestricted subsidiaries may require cash in connection with (a) the repayment of third-party and intercompany debt, (b) the satisfaction of contingent liabilities, (c) acquisitions, (d) the repurchase of equity and debt securities, (e) other investment opportunities, (f) any funding requirements of our subsidiaries and affiliates or (g) income tax payments. In addition, our parent entity uses available liquidity to make interest and principal payments on notes payable to certain of our unrestricted subsidiaries (aggregate outstanding principal of \$9.3 billion at December 31, 2020 with varying maturity dates).

Our most significant financial obligations relate to our debt obligations, as described in note 14. The terms of our debt instruments contain certain restrictions, including covenants that restrict our ability to incur additional debt. As a result, additional debt financing is only a potential source of liquidity if the incurrence of any new debt is permitted by the terms of our existing debt agreements.

Our current sources of corporate liquidity include (i) cash and cash equivalents held by Liberty Global and, subject to certain tax and legal considerations, Liberty Global's unrestricted subsidiaries, (ii) investments held under SMAs, (iii) interest and dividend income received on our and, subject to certain tax and legal considerations, our unrestricted subsidiaries' cash and cash equivalents and investments, including dividends received from the VodafoneZiggo JV, (iv) cash received with respect to transitional and other services provided to various third parties and (v) interest payments received with respect to the VodafoneZiggo JV Receivables.

From time to time, Liberty Global and its unrestricted subsidiaries may also receive (i) proceeds in the form of distributions or loan repayments from Liberty Global's borrowing groups or affiliates (including amounts from the VodafoneZiggo JV) upon (a) the completion of recapitalizations, refinancings, asset sales or similar transactions by these entities or (b) the accumulation of excess cash from operations or other means, (ii) proceeds upon the disposition of investments and other assets of Liberty Global and its unrestricted subsidiaries and (iii) proceeds in connection with the incurrence of debt by Liberty Global or its unrestricted subsidiaries or the issuance of equity securities by Liberty Global, including equity securities issued to satisfy subsidiary obligations. No assurance can be given that any external funding would be available to Liberty Global or its unrestricted subsidiaries on favorable terms, or at all.

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Our ability to generate cash from our operations will depend on our future operating performance, which is in turn dependent, to some extent, on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond our control. We believe that our sources of liquidity will be sufficient to fund our currently anticipated working capital needs, capital expenditures and other liquidity requirements during the next 12 months, although no assurance can be given that this will be the case. In this regard, it is not possible to predict how political and economic conditions (including with respect to the COVID-19 pandemic), sovereign debt concerns or any adverse regulatory developments could impact the credit and equity markets we access and, accordingly, our future liquidity and financial position. In addition, sustained or increased competition, particularly in combination with adverse economic or regulatory developments, could have an unfavorable impact on our cash flows and liquidity.

We use budgeting and cash flow forecasting tools to ensure that we will have sufficient resources to timely meet our liquidity requirements. We also maintain a liquidity reserve to provide for unanticipated cash outflows.

The following table shows the timing of expected payments or receipts based on the contractually agreed upon terms of our financial liabilities as of December 31, 2020. As a result of the held-for-sale presentation of the U.K. JV Entities in our December 31, 2020 consolidated statement of financial position, the amounts presented below do not include projected cash flows related to these entities. For information regarding the held-for-sale presentation of the U.K. JV Entities, see note 5.

	Payments (receipts) due during:						
	2021	2022	2023	2024	2025	Thereafter	Total
	in millions						
Debt:							
Principal	\$ 1,054.4	\$ 439.7	\$ 185.7	\$ 31.4	\$ 13.2	\$ 12,835.2	\$ 14,559.6
Interest (a).....	468.1	458.4	503.8	501.0	500.1	1,455.2	3,886.6
Leases (a).....	319.4	294.9	286.1	231.0	214.1	1,482.0	2,827.5
Accounts payable.....	618.2	—	—	—	—	—	618.2
VAT payable.....	94.4	—	—	—	—	—	94.4
Projected derivative cash payments (receipts), net (b).....	26.6	28.7	(27.3)	(42.5)	43.0	215.5	244.0
Total	\$ 2,581.1	\$ 1,221.7	\$ 948.3	\$ 720.9	\$ 770.4	\$ 15,987.9	\$ 22,230.3

- (a) Amounts are based on interest rates, interest payment dates, commitment fees and contractual maturities in effect as of December 31, 2020. These amounts are presented for illustrative purposes only and will likely differ from the actual cash payments required in future periods. Amounts presented for leases include both principal and interest.
- (b) The U.S. dollar equivalents of our net projected cash flows associated with our derivative instruments are based on interest rate projections and exchange rates as of December 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, see note 8.

Market Risk

Interest Rate Risk

We are exposed to changes in interest rates primarily as a result of our borrowing activities, which include fixed-rate and variable-rate borrowings by our borrowing groups. Our primary exposure to variable-rate debt is through the EURIBOR-indexed and LIBOR-indexed debt of our borrowing groups and the variable-rate debt of certain of our other subsidiaries.

In general, we enter into derivative instruments to protect against increases in the interest rates on our variable-rate debt. Accordingly, we have entered into various derivative transactions to manage exposure to increases in interest rates. We use interest rate derivative contracts to exchange, at specified intervals, the difference between fixed and variable interest rates

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calculated by reference to an agreed-upon notional principal amount. We also use (i) purchased interest rate cap and collar agreements and swaptions to 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 and (ii) purchased interest rate floor agreements to protect against interest rates falling below a certain level, generally to match a floating rate floor on a debt instrument. Under our current guidelines, we use various interest rate derivative instruments to mitigate interest rate risk, generally for five years, with the later years covered primarily by swaptions. As such, the final maturity dates of our various portfolios of interest rate derivative instruments generally fall short of the respective maturities of the underlying variable-rate debt. In this regard, we use judgment to determine the appropriate composition and maturity dates of our portfolios of interest rate derivative instruments, taking into account the relative costs and benefits of different maturity profiles in light of current and expected future market conditions, liquidity issues and other factors. For additional information concerning the impacts of these interest rate derivative instruments, see note 8.

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. In November 2020, ICE Benchmark administration (the entity that administers LIBOR) announced its intention to continue publishing USD LIBOR rates until June 30, 2023, with the exception of the one-week and two-month rates which, along with all GBP LIBOR rates, it intends to cease publishing after December 31, 2021. While this extension allows additional runway on existing contracts using USD LIBOR rates, companies are still encouraged to transition away from using USD LIBOR as soon as practicable and should not enter into new contracts that use USD LIBOR after 2021. The methodology for EURIBOR has been reformed and EURIBOR has been granted regulatory approval to continue to be used. 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.

In October 2020, the International Swaps and Derivatives Association (the ISDA) launched a new supplement (the Fallback Supplement), which effective January 25, 2021, will amend the standard definitions for interest rate derivatives to incorporate fallbacks for derivatives linked to certain key interbank offered rates (IBORs). The ISDA also launched a new protocol (the Fallback Protocol), also effective January 25, 2021, that will enable market participants to incorporate these revisions into their legacy non-cleared derivatives with other counterparties that choose to adhere to the protocol. The fallbacks for a particular currency will apply following a permanent cessation of the IBOR in that currency and will be adjusted versions of the risk-free rates identified in each currency. 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.

Weighted Average Variable Interest Rate. At December 31, 2020, the outstanding principal amount of our variable-rate indebtedness aggregated \$9.8 billion, and the weighted average interest rate (including margin) on such variable-rate indebtedness was approximately 2.8%, excluding the effects of interest rate derivative contracts, deferred financing costs, original issue premiums or discounts and commitment fees, all of which affect our overall cost of borrowing. Assuming no change in the amount outstanding, and without giving effect to any interest rate derivative contracts, deferred financing costs, original issue premiums or discounts and commitment fees, a hypothetical 50 basis point (0.50%) increase (decrease) in our weighted average variable interest rate would increase (decrease) our annual consolidated interest expense and cash outflows by \$49.0 million. As discussed above and in note 8, we use interest rate derivative contracts to manage our exposure to increases in variable interest rates. In this regard, increases in the fair value of these contracts generally would be expected to offset most of the economic impact of increases in the variable interest rates applicable to our indebtedness to the extent and during the period that principal amounts are matched with interest rate derivative contracts.

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Foreign Currency Risk

We are exposed to foreign currency exchange rate risk with respect to our consolidated debt in situations where our debt is denominated in a currency other than the functional currency of the operations whose cash flows support our ability to repay or refinance such debt. Although we generally match the denomination of our and our subsidiaries' borrowings with the functional currency of the operations that are supporting the respective borrowings, market conditions or other factors may cause us to enter into borrowing arrangements that are not denominated in the functional currency of the underlying operations (unmatched debt). In these cases, our policy is to 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 December 31, 2020, substantially all of our debt was either directly or synthetically matched to the applicable functional currencies of the underlying operations. For additional information concerning the terms of our derivative instruments, see note 8.

In addition to the exposure that results from the mismatch of our borrowings and underlying functional currencies, we are exposed to foreign currency risk to the extent that we enter into transactions denominated in currencies other than our or our subsidiaries' respective functional currencies (non-functional currency risk), such as equipment purchases, programming contracts, notes payable and notes receivable (including intercompany amounts). Changes in exchange rates with respect to amounts recorded in our consolidated statements of financial position related to these items will result in unrealized (based upon period-end exchange rates) or realized foreign currency transaction gains and losses upon settlement of the transactions. Moreover, to the extent that our revenue, costs and expenses are denominated in currencies other than our respective functional currencies, we will experience fluctuations in our revenue, costs and expenses solely as a result of changes in foreign currency exchange rates. Generally, we will consider hedging non-functional currency risks when the risks arise from agreements with third parties that involve the future payment or receipt of cash or other monetary items to the extent that we can reasonably predict the timing and amount of such payments or receipts and the payments or receipts are not otherwise hedged. In this regard, we have entered into foreign currency forward contracts to hedge certain of these risks. For additional information concerning our foreign currency forward contracts, see note 8.

We also are exposed to unfavorable and potentially volatile fluctuations of the U.S. dollar (our reporting currency) against the currencies of our operating subsidiaries when their respective financial statements are translated into U.S. dollars for inclusion in our consolidated financial statements. Cumulative translation adjustments are recorded in foreign currency translation reserve as a separate component of equity. Any increase (decrease) in the value of the U.S. dollar against any foreign currency that is the functional currency of one of our operating subsidiaries will cause us to experience unrealized foreign currency translation losses (gains) with respect to amounts already invested in such foreign currencies. Accordingly, we may experience a negative impact on our comprehensive income or loss and equity with respect to our holdings solely as a result of FX. Our primary exposure to FX risk during the three months ended December 31, 2020 was to the British pound sterling, euro and Swiss franc, as 47.3%, 30.6% and 18.8% of our reported revenue during the period was derived from subsidiaries whose functional currencies are the British pound sterling, euro and Swiss franc, respectively. In addition, our reported operating results are impacted by changes in the exchange rates for the Swiss franc and other local currencies in Europe. We do not hedge against the risk that we may incur non-cash losses upon the translation of the financial statements of our subsidiaries and affiliates into U.S. dollars.

Capital Management

We seek to maintain our debt at levels that provide for attractive equity returns without assuming undue risk. In this regard, we generally seek to cause our operating subsidiaries to maintain their debt at levels that result in a consolidated debt balance (excluding the ITV Collar Loan and measured using subsidiary debt figures at swapped foreign currency exchange rates, consistent with the covenant calculation requirements of our subsidiary debt agreements) that is between four and five times our consolidated Adjusted EBITDA, although the timing of our acquisitions and financing transactions and the interplay of average and spot foreign currency rates may impact this ratio. Consolidated Adjusted EBITDA is a non-GAAP measure, which investors should view as a supplement to, and not a substitute for, IFRS measures of performance included in our consolidated statements of profit or loss.

Our ability to service or refinance our debt and to maintain compliance with the leverage covenants in the credit agreements and indentures of our borrowing groups is dependent primarily on our ability to maintain or increase the Adjusted EBITDA of our operating subsidiaries and to achieve adequate returns on our property and equipment additions and acquisitions. For additional information regarding our debt obligations, see note 14.

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(20) 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 network and connectivity commitments, purchases of customer premises and other equipment and services, programming contracts and other items. The following table sets forth the U.S. dollar equivalents of such commitments as of December 31, 2020. Due to the held-for-sale presentation of the U.K. JV Entities at December 31, 2020, the contractual commitments of these entities have been shown separately in the table below. For information regarding the held-for-sale presentation of the U.K. JV Entities, see note 6. The commitments included in this table do not reflect any liabilities that are included in our December 31, 2020 consolidated statement of financial position.

	Payments due during:						Total
	2021	2022	2023	2024	2025	Thereafter	
	in millions						
Network and connectivity commitments.....	\$ 274.6	\$ 96.8	\$ 49.1	\$ 40.2	\$ 38.5	\$ 745.0	\$ 1,244.2
Purchase commitments.....	473.3	72.9	47.6	21.2	16.0	11.6	642.6
Programming commitments.....	276.9	175.3	76.4	40.9	33.6	17.6	620.7
Other commitments.....	3.7	3.1	2.1	1.8	0.7	2.0	13.4
Total.....	<u>\$ 1,028.5</u>	<u>\$ 348.1</u>	<u>\$ 175.2</u>	<u>\$ 104.1</u>	<u>\$ 88.8</u>	<u>\$ 776.2</u>	<u>\$ 2,520.9</u>
U.K. JV Entities.....	<u>\$ 1,705.5</u>	<u>\$ 386.7</u>	<u>\$ 16.1</u>	<u>\$ 5.3</u>	<u>\$ 4.5</u>	<u>\$ 20.0</u>	<u>\$ 2,138.1</u>

Network and connectivity commitments include (i) Telenet's commitments for certain operating costs associated with its leased network and (ii) costs associated with certain fiber leasing arrangements in Switzerland. Telenet's commitments for certain operating costs are subject to adjustment based on changes in the network operating costs incurred by Telenet with respect to its own networks. These potential adjustments are not subject to reasonable estimation and, therefore, are not included in the above table.

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 call center, information technology and maintenance services.

Programming commitments consist of obligations associated with certain of our programming, studio output 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 this will continue to be the case in future periods. In this regard, our total programming and copyright costs (including amounts related to the U.K. JV Entities) aggregated \$1,708.2 million and \$1,654.4 million during 2020 and 2019, respectively.

Programming costs include (i) agreements to distribute channels to our customers, (ii) exhibition rights of programming content and (iii) sports rights.

Channel Distribution Agreements. Our channel distribution agreements are generally multi-year contracts for which we are charged either (i) variable rates based upon the number of subscribers or (ii) on a flat fee basis. Certain of our variable rate contracts require minimum guarantees. Programming costs under such arrangements are recorded in operating costs and expenses in our consolidated statement of operations when the programming is available for viewing.

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Exhibition Rights. Our agreements for exhibition rights are generally multi-year license agreements for which we are typically charged either (i) a percentage of the revenue earned per program or (ii) a flat fee per program. The current and long-term portions of our exhibition rights acquired under licenses are recorded as other current assets and other assets, net, respectively, in our consolidated statements of financial position when the license period begins and the program is available for its first showing. Capitalized exhibition rights are amortized based on the projected future showings of the content using a straight-line or accelerated method of amortization, as appropriate. Exhibition rights are regularly reviewed for impairment and held at the lower of unamortized cost or estimated net realizable value.

Sports Rights. Our sports rights agreements are generally multi-year contracts for which we are typically charged a flat fee per season. We typically pay for sports rights in advance of the respective season. The current and long-term portions of any payments made in advance of the respective season are recorded as other current assets and other assets, net, respectively, in our consolidated statements of financial position and are amortized on a straight-line basis over the respective sporting season. Sports rights are regularly reviewed for impairment and held at the lower of unamortized cost or estimated net realizable value.

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 2020 and 2019, see note 8. For information regarding our defined benefit plans, see note 17.

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.

We have established various defined contribution benefit plans for our and our subsidiaries' employees. Our aggregate expense for matching contributions under the various defined contribution employee benefit plans was \$44.8 million and \$42.6 million during 2020 and 2019, respectively.

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.

Legal and Regulatory Proceedings and Other Contingencies

Interkabel Acquisition. On November 26, 2007, Telenet and four associations of municipalities in Belgium, which we refer to as the pure intercommunales or the "PICs," announced a non-binding agreement-in-principle to transfer the analog and digital television activities of the PICs, including all existing subscribers, to Telenet. Subsequently, Telenet and the PICs entered into a binding agreement (the **2008 PICs Agreement**), which closed effective October 1, 2008. Beginning in December 2007, Proximus NV/SA (**Proximus**), the incumbent telecommunications operator in Belgium, instituted several proceedings seeking to block implementation of these agreements. Proximus lodged summary proceedings with the President of the Court of First Instance of Antwerp to obtain a provisional injunction preventing the PICs from effecting the agreement-in-principle and initiated a civil procedure on the merits claiming the annulment of the agreement-in-principle. In March 2008, the President of the Court of First Instance of Antwerp ruled in favor of Proximus in the summary proceedings, which ruling was overturned by the Court of Appeal of Antwerp in June 2008. Proximus brought this appeal judgment before the Cour de Cassation (the **Belgian Supreme Court**), which confirmed the appeal judgment in September 2010. On April 6, 2009, the Court of First Instance of Antwerp ruled in favor of the PICs and Telenet in the civil procedure on the merits, dismissing Proximus's request for the rescission of the agreement-in-principle and the 2008 PICs Agreement. On June 12, 2009, Proximus appealed this judgment with the Court of Appeal of Antwerp. In this appeal, Proximus is now also seeking compensation for damages. While these proceedings were suspended indefinitely, other proceedings were initiated, which resulted in a ruling by the Belgian Council of State in May 2014 annulling (i) the decision of the PICs not to organize a public market consultation and (ii) the decision from the PICs' board of directors to approve the 2008 PICs Agreement. In December 2015, Proximus resumed the

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civil proceedings pending with the Court of Appeal of Antwerp seeking to have the 2008 PICs Agreement annulled and claiming damages of €1.4 billion (\$1.7 billion).

In December 2017, the Court of Appeals of Antwerp issued a judgment rejecting Proximus' claims. In June 2019, Proximus filed an appeal of the Court of Appeals of Antwerp's judgment with the Belgian Supreme Court. In January 2021, the Belgian Supreme Court partially annulled the Court of Appeals of Antwerp's judgment. The case will be referred to the Court of Appeals of Brussels, which will need to make a new decision on the matter within the boundaries of the annulment by the Belgian Supreme Court. A decision on the matter is likely to take several years. No assurance can be given as to the outcome of these or other proceedings. However, an unfavorable outcome of existing or future proceedings could potentially lead to the annulment of the 2008 PICs Agreement. We do not expect the ultimate resolution of this matter to have a material impact on our results of operations, cash flows or financial position. No amounts have been accrued by us with respect to this matter as the likelihood of loss is not considered to be probable.

Telekom Deutschland Litigation. On December 28, 2012, Unitymedia filed a lawsuit against Telekom Deutschland GmbH (**Telekom Deutschland**) in which Unitymedia asserts that it pays excessive prices for the co-use of Telekom Deutschland's cable ducts in Unitymedia's footprint. The Federal Network Agency approved rates for the co-use of certain ducts of Telekom Deutschland in March 2011. Based in part on these approved rates, Unitymedia sought a reduction of the annual lease fees by approximately five-sixths. In addition, Unitymedia is seeking the return of similarly calculated overpayments from 2009 through the ultimate settlement date, plus accrued interest. In October 2016, the first instance court dismissed this action, and in March 2018, the court of appeal dismissed Unitymedia's appeal of the first instance court's decision and did not grant permission to appeal further to the Federal Court of Justice. Unitymedia has filed a motion with the Federal Court of Justice to grant permission to appeal. The resolution of this matter may take several years and no assurance can be given that Unitymedia's claims will be successful. In connection with our sale of the Vodafone Disposal Group, we will only share in 50% of any amounts recovered, plus 50% of the net present value of certain cost savings in future periods that are attributable to the favorable resolution of this matter, less 50% of associated legal or other third-party fees paid post-completion of the sale of the Vodafone Disposal Group. Any amount we may recover related to this matter will not be reflected in our consolidated financial statements until such time as the final disposition of this matter has been reached.

Belgium Regulatory Developments. In June 2018, the Belgisch Instituut voor Post en Telecommunicatie and the regional regulators for the media sectors (together, the **Belgium Regulatory Authorities**) adopted a new decision finding that Telenet has significant market power in the wholesale broadband market (the **2018 Decision**). The 2018 Decision imposes on Telenet the obligations to (i) provide third-party operators with access to the digital television platform (including basic digital video and analog video) and (ii) make available to third-party operators a bitstream offer of broadband internet access (including fixed-line telephony as an option). Unlike prior decisions, the 2018 Decision no longer applies "retail minus" pricing on Telenet; however, as of August 1, 2018, this decision imposed a 17% interim price reduction in monthly wholesale cable access prices. On May 26, 2020, the Belgium Regulatory Authorities adopted a final decision regarding the "reasonable access tariffs" to replace the interim prices, which represents an estimated decrease of 11.5%, as compared to the initial August 1, 2018 interim rates, and is applicable as of July 1, 2020. These rates are expected to evolve over time due to, among other reasons, broadband capacity usage.

The 2018 Decision aims to, and in its application, may strengthen Telenet's competitors by granting them resale access to Telenet's network to offer competing products and services notwithstanding Telenet's substantial historical financial outlays in developing the infrastructure. In addition, any resale access granted to competitors could (i) limit the bandwidth available to Telenet to provide new or expanded products and services to the customers served by its network and (ii) adversely impact Telenet's ability to maintain or increase its revenue and cash flows. The extent of any such adverse impacts ultimately will be dependent on the extent that competitors take advantage of the resale access afforded to Telenet's network, the rates that Telenet receives for such access and other competitive factors or market developments. Telenet appealed the 2018 Decision, which was rejected in September 2019.

Virgin Media VAT Matters. Virgin Media's application of VAT with respect to certain revenue generating activities has been challenged by the U.K. tax authorities (**HMRC**). HMRC claimed that amounts charged to certain Virgin Media customers for payment handling services are subject to VAT, while Virgin Media took the position that such charges were exempt from VAT under existing law. At the time of HMRC's initial challenge in 2009, Virgin Media remitted all related VAT amounts claimed by HMRC, and continued to make such VAT payments pending a ruling on Virgin Media's appeal to the First Tier Tribunal. As the likelihood of loss was not considered probable and Virgin Media believed that the amounts paid would be

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recoverable, such amounts were recorded as a receivable in our consolidated statement of financial position. In January 2020, the First Tier Tribunal rejected our appeal and ruled in favor of HMRC. Accordingly, during the fourth quarter of 2019, we recorded a net provision for litigation of £41.3 million (\$54.0 million at the applicable rate). Virgin Media has been granted permission to appeal the case to the Upper Tribunal, with the appeal being stayed pending the outcome of a related case. The timing of the final outcome of the litigation remains uncertain, although any further hearing on this matter is unlikely to occur before the third quarter of 2021.

In a separate matter, on March 19, 2014, the U.K. government announced a change in legislation with respect to the charging of VAT in connection with prompt payment discounts such as those that we offer to our fixed-line telephony customers. This change, which took effect on May 1, 2014, impacted our company and some of our competitors. HMRC issued a decision in the fourth quarter of 2015 challenging our application of the prompt payment discount rules prior to the May 1, 2014 change in legislation. We appealed this decision. As part of the appeal process, we were required to make aggregate payments of £67.0 million (\$99.1 million at the respective transaction dates), comprising (i) the challenged amount of £63.7 million (which we paid during the fourth quarter of 2015) and (ii) related interest of £3.3 million (which we paid during the first quarter of 2016). No provision was recorded by our company at that time as the likelihood of loss was not considered to be probable. The aggregate amount paid does not include penalties, which could be significant in the event that penalties were to be assessed. In September 2018, the court rejected our appeal and ruled in favor of HMRC. Accordingly, during the third quarter of 2018, we recorded a provision for litigation of £63.7 million (\$83.1 million at the average rate for the period) and related interest expense of £3.3 million (\$4.4 million at the average rate for the period) in our consolidated statement of profit or loss. The First Tier Tribunal gave permission to appeal to the Upper Tribunal and we submitted grounds for appeal on February 22, 2019. We subsequently lost the appeal at the Upper Tribunal and in October 2020 our request to further appeal the case was denied by the Court of Appeal.

UPC Austria Matter. On July 31, 2018, we completed the sale of our Austrian operations, “**UPC Austria**,” to Deutsche Telekom (**Deutsche Telekom**). In October of 2019, we received notification under the terms of the relevant acquisition agreements from Deutsche Telekom and its subsidiary T-Mobile Austria Holding GmbH (together, the **UPC Austria Sale Counterparties**), asserting claims of approximately €70.5 million (\$86.2 million) together with an invitation to engage in amicable discussions to resolve the matter in a time and cost effective manner. We since received further asserted claims of approximately €34.7 million (\$42.4 million). Discussions regarding the claims are preliminary and no amounts have been accrued by our company with respect to this matter as the likelihood of loss is not considered to be probable at this stage. We are unable to provide any meaningful estimate of a possible range of loss because, among other reasons, (i) we believe the assertions are unsupported and/or exaggerated, (ii) there are significant factual matters to be resolved and (iii) the matter is in a preliminary stage and we have yet to engage in detail with the UPC Austria Sale Counterparties. The acquisition agreement provides for arbitration of disputes in the event the parties are unable to resolve any differences. We intend to vigorously defend this matter.

Other Contingency Matters. In connection with the dispositions of certain of our operations, we provided tax indemnities to the counterparties for certain tax liabilities that could arise from the period we owned the respective operations, subject to certain thresholds. While we have not received notification from the counterparties for indemnification, it is reasonably possible that we could, and the amounts involved could be significant. No amounts have been accrued by our company as the likelihood of any loss is not considered to be probable.

Other Regulatory Matters. Video distribution, broadband internet, fixed-line telephony, mobile and content businesses are regulated in each of the countries in which we or our affiliates 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. Regulation may also 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.

Effective April 1, 2017, the rateable value of our existing network and other assets in the U.K. increased significantly. This increase affects the amount we pay for network infrastructure charges as the annual amount payable to the U.K. government is

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calculated by applying a percentage multiplier to the rateable value of assets. This change has significantly increased our network infrastructure charges and we expect further but declining increases to these charges through the first quarter of 2022. We continue to believe that these increases are excessive and retain the right of appeal should more favorable agreements be reached with other operators. The rateable value of our network and other assets in the U.K. remains subject to review by the U.K. government.

In 2019, the U.K. Office of Communications regulatory authority (**Ofcom**) issued new regulatory requirements originating from the European Electronic Communications Code, that, effective from February 2020, obligate providers to (i) alert customers who are approaching the end of a minimum contract term to the fact that their contract period is coming to an end and to set out the best new price that the provider can offer them and (ii) once a year, alert customers who are out of contract to that fact and again confirm the best new price the provider can offer them. In both cases, we must also set out the price available to new customers for an equivalent service offering. These new requirements adversely impacted our revenue and increased certain of our costs in the U.K. during 2020, and we expect additional and potentially more significant adverse impacts on our operating results in the U.K. in future periods. For additional information, see *Discussion and Analysis of our Reportable Segments* included in the *Group Strategic Report* included elsewhere herein.

In late February 2020, we became aware that one of our databases did not have adequate access security protection and was accessed without permission. We immediately took remedial actions, ceased access to the database and commenced an investigation. The information in the database did not include any individual's passwords or financial details, such as credit card information or bank account numbers. We have taken steps to inform those individuals impacted and relevant regulatory authorities. The database had information pertaining to approximately 900,000 individuals (including customers and non-customers), representing a number that would be less than 15% of our total customer base. During the fourth quarter of 2020, we were formally notified by the relevant regulatory authorities that they consider this matter to be closed without enforcement action.

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.

(21) Expenses by Nature

The following table summarizes our expenses for employee-related expenses (included in cost of services, G&A and selling expenses) and depreciation and amortization (included in cost of services and G&A expenses):

	Year ended December 31,	
	2020	2019
	in millions	
Employee-related expenses.....	<u>\$ 2,325.3</u>	<u>\$ 2,195.2</u>
Depreciation and amortization.....	<u>\$ 2,517.2</u>	<u>\$ 3,842.5</u>

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(22) Key Management Personnel Compensation

Key management personnel comprise the members of the board of directors and key senior management of the company and its main subsidiaries. Their compensation is as follows:

	Year ended December 31,	
	2020	2019
	in millions	
Share-based compensation	\$ 64.9	\$ 145.0
Salaries and short-term benefits (a)	24.2	36.9
Termination benefits	—	1.5
Post-employment benefits	0.5	0.6
Total	\$ 89.6	\$ 184.0

(a) Salaries and short-term benefits include salaries, bonus, directors' fees and certain other cash and non-cash benefits.

Executive officers also participate in our cash performance award program and equity award programs. Furthermore, employees are entitled to participate in a retirement savings plan which includes a company match in the form of equity shares.

(23) Finance Costs and Income

A summary of the finance costs and income that are included in our net finance costs from continuing operations is set forth below:

	Year ended December 31,	
	2020	2019
	in millions	
Foreign currency transaction losses, net	\$ (1,416.3)	\$ (94.8)
Interest expense	(1,247.1)	(1,431.0)
Realized and unrealized losses on derivative instruments, net	(879.3)	(192.0)
Losses on debt extinguishment, net	(233.2)	(216.7)
Total finance costs	(3,775.9)	(1,934.5)
Interest and dividend income	57.2	77.8
Realized and unrealized gains due to changes in fair values of certain investments and debt, net	13.9	68.2
Total finance income	71.1	146.0
Net finance costs	\$ (3,704.8)	\$ (1,788.5)

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(24) Other Comprehensive Income Accumulated in Reserves

Other comprehensive income (loss) reflects the aggregate impact of foreign currency translation adjustments and pension-related adjustments and other. The changes in the components of other comprehensive income, net of taxes, are summarized as follows:

	Foreign currency translation reserve	Other reserves	Pension reserves (included in retained earnings) in millions	Non- controlling interests	Total other comprehensive income
December 31, 2018	\$ (944.6)	\$ (0.1)	\$ (172.4)	\$ (1.9)	\$ (1,119.0)
Other comprehensive income, net of taxes	340.2	0.1	4.4	(0.8)	343.9
December 31, 2019	(604.4)	—	(168.0)	(2.7)	(775.1)
Other comprehensive income, net of taxes	2,595.1	0.1	0.6	0.6	2,596.4
December 31, 2020	<u>\$ 1,990.7</u>	<u>\$ 0.1</u>	<u>\$ (167.4)</u>	<u>\$ (2.1)</u>	<u>\$ 1,821.3</u>

(25) Reconciliation of Movements in Liabilities to Cash Flows from Financing Activities

	Debt and lease obligations	Derivative (assets)/ liabilities in millions	Total
January 1, 2020	\$ 29,037.3	\$ (244.8)	\$ 28,792.5
Cash flows from financing activities:			
Borrowings of debt	15,975.9	—	15,975.9
Repayments and repurchases of debt and lease obligations	(13,567.5)	—	(13,567.5)
Payment of financing costs and debt premiums	(290.0)	—	(290.0)
Net cash received related to derivative instruments	—	129.1	129.1
Total cash flows from financing activities	31,155.7	(115.7)	31,040.0
Changes arising from entities classified as held for sale	(19,835.2)	(765.2)	(20,600.4)
Changes due to acquisitions	2,911.8	—	2,911.8
Losses on debt extinguishment, net	233.2	—	233.2
Realized and unrealized losses on derivative instruments, net	—	879.3	879.3
Interest accruals	1,200.1	—	1,200.1
Interest payments	(1,149.0)	—	(1,149.0)
Effect of changes in foreign exchange rates	1,089.5	25.5	1,115.0
Other liability-related changes	970.1	708.1	1,678.2
December 31, 2020	<u>\$ 16,576.2</u>	<u>\$ 732.0</u>	<u>\$ 17,308.2</u>

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(26) Supplemental Companies Act Disclosures

Employees

The details of our full-time equivalent employees are as follows:

	December 31,	
	2020	2019
Country operations	21,000	18,600
Corporate	2,000	1,600
Total	<u>23,000</u>	<u>20,200</u>

Directors' Remuneration

A discussion of our directors' remuneration appears in the *Directors' Remuneration Report* included in this annual report.

Audit Fees and All Other Fees

The following table presents fees for professional audit services rendered by KPMG LLP and its international affiliates (including KPMG LLP (U.K.)) during 2020 for the audit of the consolidated financial statements and the separate financial statements of certain of our subsidiaries and for other services rendered by KPMG LLP and its international affiliates.

Fees billed in currencies other than U.S. dollars were translated into U.S. dollars at the average exchange rate in effect during 2020 (in millions).

Audit fees for these financial statements (a)	\$ 10.7
Audit fees for financial statements of subsidiaries pursuant to legislation	1.1
Total audit fees	11.8
All other non-audit fees (b)	0.2
Total all services	<u>\$ 12.0</u>

- (a) Represents audit fees for the consolidated financial statements, including inseparable internal control and other audit procedures performed during interim reviews.
- (b) Includes fees for audit and tax services performed in connection with assurance and attestation services not required by statute or regulation.

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(27) List of Subsidiaries

At December 31, 2020, our subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Holdings	Proportion of voting rights and shares held	Nature of business	Registered address
Liberty Global Swiss Services GmbH.....	Austria	Ordinary	100.0 %	Holding	(2)
Connectify NV.....	Belgium	Ordinary	60.0 %	Telecoms	(3)
De Vijver Media NV.....	Belgium	Ordinary (classes per shareholder)	100.0 %	Holding/ media	(3)
Décor Oyenbrug BV.....	Belgium	Ordinary	100.0 %	Telecoms	(3)
Loft International BV.....	Belgium	Ordinary	100.0 %	Telecoms	(3)
Native Nation BV.....	Belgium	Ordinary	100.0 %	Telecoms	(3)
SBS Sales Belgium NV.....	Belgium	Ordinary	100.0 %	Telecoms	(3)
SBS Belgium NV.....	Belgium	Ordinary	100.0 %	Telecoms	(3)
Stream32 BV.....	Belgium	Ordinary	100.0 %	Telecoms	(3)
Telenet BV.....	Belgium	Ordinary / preferred	100.0 %	Telecoms/ Subholding	(4)
Telenet Finance BV.....	Belgium	Ordinary	100.0 %	Consumer Financing	(4)
Telenet Group NV/SA.....	Belgium	Ordinary	100.0 %	Telecoms	(5)
Telenet Group Holding N.V.....	Belgium	Ordinary / preferred	60.7 %	Telecoms/ Holding	(4)
Telenet Retail BV.....	Belgium	Ordinary	100.0 %	Telecoms/ Retail	(4)
Telenet Tecteo Bidco NV.....	Belgium	Ordinary	75.0 %	Holding	(4)
Telenet Vlaanderen NV.....	Belgium	Ordinary / preferred	99.7 %	Telecoms	(4)
The Park Entertainment NV.....	Belgium	Ordinary	80.8 %	Telecoms	(4)
Woestijnvis NV.....	Belgium	Ordinary	100.0 %	Telecoms	(3)
Comet Finance Limited.....	Bermuda	Ordinary	100.0 %	Holding	(29)
UPC Real Estate s.r.o.....	Czech Republic	no shares (joint-stock) issued	100.0 %	Holding	(6)
Unitymedia Finanz-Service GmbH.....	Germany	Ordinary	100.0 %	Holding	(7)
Liberty Global Smart Sourcing GmbH.....	Germany	Ordinary	100.0 %	Holding	(7)
Casey Cablevision Limited.....	Ireland	Ordinary	100.0 %	Holding	(8)
Channel 6 Broadcasting Limited.....	Ireland	Ordinary	100.0 %	Telecoms	(8)
Cullen Broadcasting Limited.....	Ireland	Ordinary	100.0 %	Telecoms	(8)
Kish Media Limited.....	Ireland	Ordinary	100.0 %	Telecoms	(8)
P.B.N. Holdings Ltd.....	Ireland	Ordinary	100.0 %	Holding	(8)
Tullamore Beta Limited.....	Ireland	Ordinary	100.0 %	Telecoms	(8)
TVThree Enterprises Limited.....	Ireland	Ordinary	100.0 %	Telecoms	(8)
TVThree Sales Limited.....	Ireland	Ordinary	100.0 %	Telecoms	(8)
Ulana Business Management Ltd.....	Ireland	Ordinary	100.0 %	Finance	(8)
UPC Broadband Ireland Ltd.....	Ireland	Ordinary	100.0 %	Telecoms	(8)
Virgin Media Ireland Ltd.....	Ireland	Ordinary	100.0 %	Telecoms	(8)

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Virgin Media Television.....	Ireland	Ordinary	100.0 %	Telecoms	(8)
Liberty Global Luxembourg Sàrl.....	Luxembourg	Ordinary	100.0 %	Telecoms	(9)
Liberty Property Holdco I Sàrl.....	Luxembourg	Ordinary	100.0 %	Holding	(9)
Liberty Property Holdco II Sàrl.....	Luxembourg	Ordinary	100.0 %	Holding	(9)
Mobile Challenger Intermediate Group SA.....	Luxembourg	Ordinary	100.0 %	Telecoms	(9)
Sunrise Communications Holdings SA.....	Luxembourg	Ordinary	100.0 %	Telecoms	(9)
Telenet Finance Luxembourg Notes Sàrl.....	Luxembourg	Ordinary	100.0 %	Finance	(9)
Telenet International Finance Sàrl.....	Luxembourg	Ordinary	100.0 %	Holding / Finance	(9)
Telenet Luxembourg Finance Center Sàrl.....	Luxembourg	Ordinary	100.0 %	Finance	(9)
Telenet Solutions Luxembourg NV.....	Luxembourg	Ordinary	100.0 %	Telecoms	(9)
Liberty Global Holding Company Limited....	Malta	Ordinary	100.0 %	Holding	(10)
Liberty Global Insurance Company Limited...	Malta	Ordinary	100.0 %	Holding	(10)
Binan Investments B.V.....	Netherlands	Ordinary	100.0 %	Holding	(11)
Labesa Holding B.V.....	Netherlands	Ordinary	100.0 %	Holding	(11)
LGCI Holdco I BV.....	Netherlands	Ordinary	100.0 %	Holding	(11)
LGI Ventures B.V.....	Netherlands	Ordinary	100.0 %	Holding	(11)
Liberty Global B.V.....	Netherlands	Ordinary	100.0 %	Holding	(11)
Liberty Global CE Holding B.V.....	Netherlands	Ordinary & Preference	100.0 %	Holding	(11)
Liberty Global CEE Group Holding BV.....	Netherlands	Ordinary	100.0 %	Holding	(11)
Liberty Global Communication Services BV..	Netherlands	Ordinary	100.0 %	Holding	(11)
Liberty Global Content Investments BV (1)...	Netherlands	Ordinary	100.0 %	Holding	(11)
Liberty Global Corporate BV.....	Netherlands	Ordinary	100.0 %	Holding	(11)
Liberty Global Europe Financing B.V.....	Netherlands	Ordinary	100.0 %	Holding	(11)
Liberty Global Europe HoldCo 2 B.V.....	Netherlands	Ordinary & Preference	100.0 %	Holding	(11)
Liberty Global Europe Holding B.V.....	Netherlands	Ordinary	100.0 %	Holding	(11)
Liberty Global Europe Holding II B.V.....	Netherlands	Ordinary & Preference	100.0 %	Holding	(11)
Liberty Global Europe Holding III B.V.....	Netherlands	Ordinary & Preference	100.0 %	Holding	(11)
Liberty Global Europe Investments B.V.....	Netherlands	Ordinary	100.0 %	Holding	(11)
Liberty Global Europe Management B.V.....	Netherlands	Ordinary	100.0 %	Management company	(11)
Liberty Global Holding B.V.....	Netherlands	Ordinary	100.0 %	Holding	(11)
Liberty Global Services B.V.....	Netherlands	Ordinary	100.0 %	Holding	(11)
Liberty Global Switzerland HoldCo BV.....	Netherlands	Ordinary	100.0 %	Holding	(11)
Liberty Global Technology Services BV.....	Netherlands	Ordinary	100.0 %	Holding	(11)
Liberty Global Ventures Group Holding BV..	Netherlands	Ordinary	100.0 %	Holding	(11)
Liberty Global Ventures Holding BV.....	Netherlands	Ordinary	100.0 %	Holding	(11)
NewCo I BV.....	Netherlands	Ordinary	100.0 %	Holding	(11)
The Park Entertainment B.V.....	Netherlands	Ordinary	100.0 %	Holding	(11)
UPC Broadband Holding B.V.....	Netherlands	Ordinary	100.0 %	Holding	(11)
UPC CEE Holding BV.....	Netherlands	Ordinary & Preference	100.0 %	Holding	(11)
UPC DTH Holding BV.....	Netherlands	Ordinary	100.0 %	Holding	(11)
UPC France Holding B.V.....	Netherlands	Ordinary	100.0 %	Holding	(11)

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UPC Germany Holding B.V.....	Netherlands	Ordinary	100.0 %	Holding	(11)
UPC Holding B.V.....	Netherlands	Ordinary	100.0 %	Holding	(11)
UPC Holding II B.V.....	Netherlands	Ordinary	100.0 %	Holding	(11)
UPC Poland Holding B.V.....	Netherlands	Ordinary	100.0 %	Holding	(11)
UPC Slovakia Group Holding BV.....	Netherlands	Ordinary	100.0 %	Holding	(11)
UPC Slovakia Holding I BV.....	Netherlands	Ordinary & Preference	100.0 %	Holding	(11)
UPC Slovakia Holding II BV.....	Netherlands	Ordinary	100.0 %	Holding	(11)
UPC Switzerland Holding BV.....	Netherlands	Ordinary	100.0 %	Holding	(11)
UPC Poland Property SP zoo.....	Poland	Ordinary	100.0 %	Holding	(12)
UPC Polska Sp. z o.o.....	Poland	Ordinary	100.0 %	Telecoms/ Holding	(12)
UPC Broadband Slovakia sro.....	Slovak Republic	no shares (joint-stock) issued	100.0 %	Telecoms/ Holding	(13)
ITV Betriebsgesellschaft GmbH.....	Switzerland	Ordinary	50.0 %	Telecoms	(17)
Sitel SA.....	Switzerland	Ordinary/ bearer shares	66.7 %	Telecoms	(17)
Sunrise Communications Group AG.....	Switzerland	Ordinary	98.0 %	Telecoms	(17)
Sunrise Communications AG.....	Switzerland	Ordinary	100.0 %	Telecoms	(17)
Swiss Open Fiber AG.....	Switzerland	Ordinary	100.0 %	Telecoms	(17)
Teledistal SA.....	Switzerland	Ordinary/ registered shares	58.3 %	Telecoms	(15)
Telelavanaugh SA.....	Switzerland	Ordinary/ registered shares	80.0 %	Telecoms	(16)
UPC Schweiz GmbH.....	Switzerland	Ordinary	100.0 %	Holding	(18)
ello communications SA.....	Switzerland	Ordinary/ registered shares	60.0 %	Telecoms	(19)
BCMV Limited.....	UK-England & Wales	Ordinary	100.0 %	Telecoms	(20)
Birmingham Cable Corporation Limited.....	UK-England & Wales	Ordinary	100.0 %	Dormant	(20)
Birmingham Cable Limited.....	UK-England & Wales	Ordinary	100.0 %	Telecoms	(20)
Bitbuzz UK Limited.....	UK-England & Wales	Ordinary	100.0 %	Telecoms	(20)
Cable London Limited.....	UK-England & Wales	Ordinary	100.0 %	Telecoms	(20)
Cable on Demand Limited.....	UK-England & Wales	Ordinary	100.0 %	Telecoms	(20)
CableTel Herts and Beds Limited.....	UK-England & Wales	Ordinary	100.0 %	Dormant	(20)
CableTel Surrey and Hampshire Limited.....	UK-England & Wales	Ordinary	100.0 %	Dormant	(20)
Catalyst NewCo 1 Limited.....	UK-England & Wales	Ordinary	100.0 %	Holding	(22)
Catalyst NewCo 3 Limited.....	UK-England & Wales	Ordinary	100.0 %	Holding	(22)
Diamond Cable Communications Limited.....	UK-England & Wales	Ordinary	100.0 %	Telecoms	(20)

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Eurobell (Holdings) Limited	UK-England & Wales	Ordinary	100.0 %	Holding	(20)
Flextech Limited	UK-England & Wales	Ordinary	100.0 %	Dormant	(20)
General Cable Limited	UK-England & Wales	Ordinary	100.0 %	Telecoms	(20)
Global Handset Finco Ltd (1)	UK-England & Wales	Ordinary	100.0 %	Mobile Financing	(22)
LGCI Holdings Limited (1)	UK-England & Wales	Ordinary	100.0 %	Holding	(22)
LG Sponsor Limited	UK-England & Wales	Ordinary	100.0 %	Holding	(22)
Liberty Networks Limited	UK-England & Wales	Ordinary	100.0 %	Holding	(22)
Liberty Global Broadband Germany Holding II Limited	UK-England & Wales	Ordinary	100.0 %	Holding	(22)
Liberty Global Broadband Germany Holding Limited	UK-England & Wales	Ordinary	100.0 %	Holding	(22)
Liberty Global Broadband Holding Limited	UK-England & Wales	Ordinary	100.0 %	Holding	(22)
Liberty Global Broadband I Limited (1)	UK-England & Wales	Ordinary	100.0 %	Holding	(22)
Liberty Global Broadband II Limited (1)	UK-England & Wales	Ordinary	100.0 %	Holding	(22)
Liberty Global Capital Limited (1)	UK-England & Wales	Ordinary	100.0 %	Holding	(22)
Liberty Global Europe 2 Limited (1)	UK-England & Wales	Ordinary	100.0 %	Holding	(22)
Liberty Global Europe Limited	UK-England & Wales	Ordinary	100.0 %	Holding	(22)
Liberty Global Finance I (UK) Limited	UK-England & Wales	Ordinary	100.0 %	Holding	(22)
Liberty Global Finance II (UK) Limited	UK-England & Wales	Ordinary	100.0 %	Holding	(22)
Liberty Global Management Services Limited	UK-England & Wales	Ordinary	100.0 %	Holding	(22)
Liberty Global plc	UK-England & Wales	Common	100.0 %	Holding	(22)
Liberty Global SSC Limited	UK-England & Wales	Ordinary	100.0 %	Holding	(22)
Liberty Global Technology Limited (1)	UK-England & Wales	Ordinary	100.0 %	Holding	(22)
Liberty Global Ventures Limited (1)	UK-England & Wales	Ordinary	100.0 %	Holding	(22)
Liberty Global Ventures Group Limited (1)	UK-England & Wales	Ordinary	100.0 %	Holding	(22)
Liberty Global Ventures Holding Limited	UK-England & Wales		100.0 %		(22)
Liberty Infrastructure Real Estate HoldCo Limited (1)	UK-England & Wales	Ordinary	100.0 %	Holding	(22)
Liberty Property Co I Limited	UK-England & Wales	Ordinary	100.0 %	Holding	(21)
Liberty Property Co II Limited	UK-England & Wales	Ordinary	100.0 %	Holding	(21)
Liberty Property Holdco III Limited	UK-England & Wales	Ordinary	100.0 %	Holding	(24)

LIBERTY GLOBAL PLC
Notes to Consolidated Financial Statements — (Continued)
December 31, 2020 and 2019

Matchco Limited	UK-England & Wales	Ordinary	76.0 %	Dormant	(20)
Newco Holdco 5 Limited	UK-England & Wales	Ordinary	100.0 %	Holding	(22)
ntl (B) Limited	UK-England & Wales	Ordinary	100.0 %	Telecoms	(20)
ntl (BMC Plan) Pension Trustees Limited	UK-England & Wales	Ordinary	100.0 %	Dormant	(20)
ntl (Broadland) Limited	UK-England & Wales	Ordinary	100.0 %	Dormant	(20)
ntl (CWC) Corporation Limited	UK-England & Wales	Ordinary	100.0 %	Dormant	(20)
ntl (CWC) Limited	UK-England & Wales	Ordinary	100.0 %	Telecoms	(20)
ntl (South East) Limited	UK-England & Wales	Ordinary	100.0 %	Dormant	(20)
ntl (V)	UK-England & Wales	Ordinary	100.0 %	Dormant	(20)
ntl Business Limited	UK-England & Wales	Ordinary	100.0 %	Telecoms	(20)
ntl CableComms Group Limited	UK-England & Wales	Ordinary	100.0 %	Telecoms	(20)
ntl CableComms Holdings No 2 Limited	UK-England & Wales	Ordinary	100.0 %	Holding	(20)
ntl CableComms Surrey	UK-England & Wales	Ordinary & Preference	100.0 %	Dormant	(20)
ntl Communications Services Limited	UK-England & Wales	Ordinary	100.0 %	Dormant	(20)
ntl Glasgow Holdings Limited	UK-England & Wales	Ordinary	100.0 %	Holding	(20)
ntl Kirklees	UK-England & Wales	Ordinary	100.0 %	Telecoms	(20)
ntl Kirklees Holdings Limited	UK-England & Wales	Ordinary	100.0 %	Holding	(20)
ntl Midlands Limited	UK-England & Wales	Ordinary	100.0 %	Telecoms	(20)
ntl National Networks Limited	UK-England & Wales	Ordinary	100.0 %	Telecoms	(20)
ntl Pension Trustees Limited	UK-England & Wales	Ordinary	100.0 %	Corporate Trustee	(20)
NTL Pension Trustees II Limited	UK-England & Wales	Ordinary	100.0 %	Corporate Trustee	(20)
ntl Rectangle Limited	UK-England & Wales	Ordinary	100.0 %	Dormant	(20)
ntl South Central Limited	UK-England & Wales	Ordinary	100.0 %	Dormant	(20)
ntl Telecom Services Limited	UK-England & Wales	Ordinary	100.0 %	Dormant	(20)
ntl Trustees Limited	UK-England & Wales	Ordinary	100.0 %	Dormant	(20)
Phoenix Renewables Ltd	UK-England & Wales	Ordinary	100.0 %		(20)
Sandbox Edutainment Holdings Limited	UK-England & Wales	Ordinary	50.0 %	Holding	(22)
Smallworld Cable Limited	UK-England & Wales	Ordinary	100.0 %	In Liquidation	(23)

LIBERTY GLOBAL PLC
Notes to Consolidated Financial Statements — (Continued)
December 31, 2020 and 2019

Telewest Communications (Midlands and North West) Limited.....	UK-England & Wales	Ordinary	100.0 %	Dormant	(20)
Telewest Communications (North East) Limited.....	UK-England & Wales	Ordinary	100.0 %	Telecoms	(20)
Telewest Communications (South East) Limited.....	UK-England & Wales	Ordinary	100.0 %	Telecoms	(20)
Telewest Communications (South West) Limited.....	UK-England & Wales	Ordinary	100.0 %	Telecoms	(20)
Telewest Communications (Tyneside) Limited.....	UK-England & Wales	Ordinary	100.0 %	Telecoms	(20)
Telewest Communications Cable Limited.....	UK-England & Wales	Ordinary	100.0 %	Dormant	(20)
Telewest Communications Networks Limited	UK-England & Wales	Ordinary	100.0 %	Telecoms	(20)
Telewest Limited.....	UK-England & Wales	Ordinary	100.0 %	Telecoms	(20)
Theseus No. 1 Limited.....	UK-England & Wales	Ordinary	100.0 %	Holding	(20)
Theseus No. 2 Limited.....	UK-England & Wales	Ordinary	100.0 %	Holding	(20)
Virgin Media Business Limited.....	UK-England & Wales	Ordinary	100.0 %	Telecoms	(20)
Virgin Media Communications Limited.....	UK-England & Wales	Ordinary	100.0 %	Telecoms	(20)
Virgin Media Employee Medical Trust Limited.....	UK-England & Wales	Ordinary	100.0 %	Corporate Trustee	(20)
Virgin Media Finance plc.....	UK-England & Wales	Ordinary	100.0 %	Financing	(20)
Virgin Media Finco Limited.....	UK-England & Wales	Ordinary	100.0 %	Financing	(20)
Virgin Media Finco 2 Limited.....	UK-England & Wales	Ordinary	100.0 %	Financing	(20)
Virgin Media Intermediary Purchasing Limited.....	UK-England & Wales	Ordinary	100.0 %	Financing	(20)
Virgin Media Investment Holdings Limited ...	UK-England & Wales	Ordinary	100.0 %	Financing	(20)
Virgin Media Investments Limited.....	UK-England & Wales	Ordinary	100.0 %	Holding	(20)
Virgin Media Limited.....	UK-England & Wales	Ordinary	100.0 %	Telecoms	(20)
Virgin Media Mobile Finance Limited.....	UK-England & Wales	Ordinary	100.0 %	Handset Financing	(20)
Virgin Media Operations Limited.....	UK-England & Wales	Ordinary	100.0 %	Holding	(20)
Virgin Media Payments Limited.....	UK-England & Wales	Ordinary	100.0 %	Telecoms	(20)
Virgin Media PCHC II Limited.....	UK-England & Wales	Ordinary	100.0 %	Holding	(20)
Virgin Media PCHC Limited.....	UK-England & Wales	Ordinary	100.0 %	Holding	(20)
Virgin Media Secretaries Limited.....	UK-England & Wales	Ordinary	100.0 %	Guarantor (PPF Levy)	(20)
Virgin Media Secured Finance plc.....	UK-England & Wales	Ordinary	100.0 %	Financing	(20)
Virgin Media Senior Investments Limited.....	UK-England & Wales	Ordinary	100.0 %	Financing	(20)

LIBERTY GLOBAL PLC
Notes to Consolidated Financial Statements — (Continued)
December 31, 2020 and 2019

Virgin Media SFA Finance Limited	UK-England & Wales	Ordinary	100.0 %	Financing	(20)
Virgin Media Trade Receivables Intermediary Financing Limited	UK-England & Wales	Ordinary	100.0 %	Financing	(20)
Virgin Media Wholesale Limited	UK-England & Wales	Ordinary	100.0 %	Telecoms	(20)
Virgin Mobile Telecoms Limited	UK-England & Wales	Ordinary	100.0 %	Telecoms	(20)
Virgin WiFi Limited	UK-England & Wales	Ordinary	100.0 %	Telecoms	(20)
VM Ireland Group Limited	UK-England & Wales	Ordinary	100.0 %	Holding	(20)
VM Transfers (No 4) Limited	UK-England & Wales	Ordinary	100.0 %	Holding	(20)
VMED O2 UK Financing I plc	UK-England & Wales	Ordinary	100.0 %	Holding	(22)
VMED O2 UK Financing II plc	UK-England & Wales	Ordinary	100.0 %	Holding	(22)
VMED O2 UK Holdco 1 Limited	UK-England & Wales	Ordinary	100.0 %	Holding	(22)
VMED O2 UK Holdco 3 Limited	UK-England & Wales	Ordinary	100.0 %	Holding	(22)
VMED O2 UK Holdco 4 Limited	UK-England & Wales	Ordinary	100.0 %	Holding	(22)
VMED O2 UK Limited	UK-England & Wales	Ordinary	100.0 %	Holding	(22)
Yorkshire Cable Communications Limited	UK-England & Wales	Ordinary	100.0 %	Telecoms	(21)
CableTel Northern Ireland Limited	UK-Northern Ireland	Ordinary	100.0 %	Dormant	(25)
ntl Glasgow	UK-Scotland	Ordinary	100.0 %	Telecoms	(26)
Telewest Communications (Dundee & Perth) Limited	UK-Scotland	Ordinary	100.0 %	Dormant	(26)
Telewest Communications (Glenrothes) Limited	UK-Scotland	Ordinary	100.0 %	Dormant	(26)
Telewest Communications (Scotland) Limited	UK-Scotland	Ordinary	100.0 %	Dormant	(26)
LGI Technology Holdings Inc.	USA-Colorado	Common	100.0 %	Holding	(27)
Liberty Global Management, LLC	USA-Colorado	Common	100.0 %	Services	(27)
Liberty Global Services, LLC	USA-Colorado	Common	100.0 %	Services	(27)
UIM Aircraft, LLC	USA-Colorado	Membership Interests	100.0 %	Partnership	(27)
Virgin Media Finance Holdings Inc.	USA-Colorado	Common Stock	100.0 %	Holding	(27)
Virgin Media Group LLC	USA-Colorado	Membership Interests	100.0 %	Holding	(27)
Virgin Media Inc.	USA-Colorado	Common Stock	100.0 %	Holding	(27)
Associated SMR, Inc.	USA-Delaware	Common	100.0 %	Holding	(27)
LGCI HoldCo LP	USA-Delaware	Membership Interests	100.0 %	Holding	(27)
LGI International LLC	USA-Delaware	Membership Interests	100.0 %	Holding	(27)
Liberty Global Holdings Inc.	USA-Delaware	Common	100.0 %	Holding	(27)
LGI Ventures Management, Inc.	USA-Delaware	Common	100.0 %	Holding	(27)

LIBERTY GLOBAL PLC
Notes to Consolidated Financial Statements — (Continued)
December 31, 2020 and 2019

Liberty Global, Inc. (1).....	USA-Delaware	Common	100.0 %	Holding	(27)
Liberty Programming Japan, LLC.....	USA-Delaware	Membership Interests	100.0 %	Holding	(27)
Liberty Spectrum Inc.....	USA-Delaware	Common	100.0 %	Holding	(27)
NewCo Financing Partnership.....	USA-Delaware	Partnership Interests	100.0 %	Holding	(27)
NTL CableComms Group LLC.....	USA-Delaware	Common Shares	100.0 %	Holding	(28)
Telenet Financing USD LLC.....	USA-Delaware	Membership Interests	100.0 %	Holding	(28)
UnitedGlobalCom LLC.....	USA-Delaware	Membership Interests	100.0 %	Holding	(27)
UPC Financing Partnership.....	USA-Delaware	Partnership Interests	100.0 %	Holding	(27)
Virgin Media Bristol LLC.....	USA-Delaware	Common Shares	100.0 %	Holding	(27)

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- (1) Subsidiary is a direct subsidiary of Liberty Global plc.
- (2) Wolfgangasse 58 - 60, 1120 Vienna, Austria
- (3) Harensesteenweg 228, 1800 Vilvoorde, Belgium
- (4) Liersesteenweg 4, B-2800, Mechelen, Belgium
- (5) Neerveldstraat 105, 1200 Sint Lambrechts Woluwe - Brussels, Belgium
- (6) Zavisova 502/5, 14000, Praha 4, District of Prague 4, Czech Republic
- (7) Aachener Strasse 746-750, Cologne, 50933-Germany
- (8) Building P2, East Point Business Park, Clontarf, Dublin 3, Republic of Ireland
- (9) 89F, Rue de Pafebruch, L-8303 Capellen, Luxembourg
- (10) Development House, St. Anne Street, Floriana FRN 9010, Malta
- (11) Boeing Avenue 53, 1119 PE Schiphol-Rijk, The Netherlands
- (12) Al. Jana Pawla II 27, 00-867 Warszawa, Poland
- (13) ev enková 36, 851 01 Bratislava, Slovak Republic
- (14) Rue de Lausanne 53, 1110 Morges, Vaud, Switzerland
- (15) Passage du Lion d'Or, Case Postale 292, 1040 Echallens, Switzerland
- (16) Route de Lausanne 2, 1096 Cully, Vaud, Switzerland
- (17) Thurgauerstrasse 101B, 8152 Glattpark (Opfikon), Switzerland
- (18) Richtiplatz 5, 8304 Wallisellen/ZH
- (19) Avenue Edouard-Dubois 20, 2000 Neuchâtel, Switzerland
- (20) 500 Brook Drive, Reading, RG2 6UU, England
- (21) Media House, Bartley Wood Business Park, Hook, Hampshire, RG27 9UP, England
- (22) Griffin House, 161 Hammersmith Road, London W6 8BS, England
- (23) c/o Ernst & Young LLP, 1 More London Place, London SE1 2AF
- (24) 2 Rue Peterelchen, L-2370 Howald, Luxembourg
- (25) Unit 3, Blackstaff Road, Kennedy Way Industrial Estate, Belfast, BT11 9AP, Northern Ireland

LIBERTY GLOBAL PLC
Notes to Consolidated Financial Statements — (Continued)
December 31, 2020 and 2019

- (26) 1 South Gyle Crescent Lane, Edinburgh, EH12 9EG, Scotland
- (27) Triangle Building, 1550 Wewatta Street, Suite 1000, Denver, CO 80202, USA
- (28) 251 Little Falls Drive, Wilmington, DE 19808, USA
- (29) Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda

LIBERTY GLOBAL PLC
PARENT COMPANY FINANCIAL STATEMENTS

LIBERTY GLOBAL PLC
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019
(Parent Company Only)

	December 31,	
	2020	2019
	in millions	
Fixed assets:		
Investments — group undertakings (note 3).....	\$ 45,525.3	\$ 43,610.1
Property and equipment, net (note 9).....	5.1	6.4
Intangible assets not subject to amortization (note 9).....	3.0	3.0
Total fixed assets.....	45,533.4	43,619.5
Current assets:		
Notes receivable — group undertakings (including \$381.4 million and \$1,086.3 million, respectively, due after more than one year) (note 4).....	381.4	2,889.4
Accrued interest receivable — group undertakings (note 4).....	4.2	71.0
Other receivables — (including \$22.5 million and \$22.6 million, respectively, due after more than one year) (note 4).....	49.1	77.5
Other assets: (including \$103.4 million and \$224.1 million, respectively, due after more than one year).....	197.4	299.6
Deferred income taxes (all due after more than one year).....	5.4	2.0
Total debtors and other assets.....	637.5	3,339.5
Cash and cash equivalents.....	33.1	6.7
Restricted cash.....	5.2	5.2
Total current assets (including \$512.7 million and \$1,335.0 million, respectively, due after more than one year).....	675.8	3,351.4
Total assets.....	46,209.2	46,970.9
Creditors: amounts falling due within one year (current liabilities):		
Note payable — group undertakings (note 4).....	9,243.2	7,575.4
Trade creditors.....	0.5	0.5
Other accrued and current liabilities:		
Group undertakings (note 4).....	1,063.7	773.5
Third-party.....	10.8	10.4
Total creditors: amounts falling due within one year (current liabilities).....	10,318.2	8,359.8
Net current liabilities.....	(9,642.4)	(5,008.4)
Total assets less current liabilities.....	35,891.0	38,611.1
Creditors: amounts falling due after one year:		
Notes payable — group undertakings (note 4).....	14,979.1	15,487.4
Other non-current liabilities:		
Third-party.....	3.7	3.5
Total creditors: amounts falling due after one year.....	14,982.8	15,490.9
Total liabilities.....	25,301.0	23,850.7
Net assets.....	\$ 20,908.2	\$ 23,120.2

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

LIBERTY GLOBAL PLC
STATEMENTS OF FINANCIAL POSITION — (Continued)
December 31, 2020 and 2019
(Parent Company Only)

	December 31,	
	2020	2019
	in millions	
Capital and reserves (note 6):		
Called up share capital (note 5).....	\$ 5.8	\$ 6.3
Share premium reserve.....	1,127.0	1,124.3
Merger reserve.....	4,749.3	4,749.3
Capital redemption reserve.....	4.6	4.1
Other reserves.....	131.7	131.7
Profit and loss account.....	14,889.9	17,104.6
Treasury shares, at cost.....	(0.1)	(0.1)
Shareholders' funds.....	<u>\$ 20,908.2</u>	<u>\$ 23,120.2</u>

The financial statements were approved by our board of directors and were signed on its behalf on April 30, 2021 by:

/s/ Michael T. Fries

Michael T. Fries

President, Chief Executive Officer and
Director

Company registered number: **8379990**

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

LIBERTY GLOBAL PLC
STATEMENTS OF EQUITY
December 31, 2020 and 2019
(Parent Company Only)

	Called up share capital	Share premium reserve	Merger reserve	Capital redemption reserve	Other reserves	Profit and loss account	Treasury shares, at cost	Shareholders' funds
	in millions							
Balance at January 1, 2019.....	\$ 7.4	\$ 1,121.5	\$ 4,749.3	\$ 3.0	\$ 131.7	\$ 20,659.0	\$ (0.1)	\$ 26,671.8
Loss for the financial period.....	—	—	—	—	—	(552.3)	—	(552.3)
Purchase and cancellation of our shares.....	(1.1)	—	—	1.1	—	(3,220.2)	—	(3,220.2)
Share-based compensation..	—	2.8	—	—	—	218.1	—	220.9
Balance at December 31, 2019.....	6.3	1,124.3	4,749.3	4.1	131.7	17,104.6	(0.1)	23,120.2
Loss for the financial period.....	—	—	—	—	—	(1,380.4)	—	(1,380.4)
Purchase and cancellation of our shares.....	(0.5)	—	—	0.5	—	(1,072.3)	—	(1,072.3)
Share-based compensation..	—	2.7	—	—	—	238.0	—	240.7
Balance at December 31, 2020.....	<u>\$ 5.8</u>	<u>\$ 1,127.0</u>	<u>\$ 4,749.3</u>	<u>\$ 4.6</u>	<u>\$ 131.7</u>	<u>\$ 14,889.9</u>	<u>\$ (0.1)</u>	<u>\$ 20,908.2</u>

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

LIBERTY GLOBAL PLC
Notes to Parent Company Only Statements of Financial Position
December 31, 2020 and 2019

(1) Basis of Presentation

Liberty Global plc (**Liberty Global**) is a public limited company organized under the laws of England and Wales. In these notes, the terms “we,” “our,” “our company” and “us” refer to Liberty Global. Liberty Global is an international provider of video, broadband internet, fixed-line telephony and mobile communications services to residential customers and businesses in Europe.

These financial statements have been prepared in accordance with Financial Reporting Standard 101, *Reduced Disclosure Framework* (**FRS 101**). In preparing these financial statements, we apply the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 (**IFRS**), but make amendments where necessary in order to comply with the Companies Act 2006 and have set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective International Financial Reporting Standards (**IFRS**);
- Disclosures in respect of the compensation of key management personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

The capitalized terms used throughout this annual report are defined in the notes to the consolidated financial statements for year ended December 31, 2020 included elsewhere in this annual report (the **Consolidated Financial Statements**). As the Consolidated Financial Statements include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2, *Share Based Payments*, in respect of group settled share-based payments.

These accounts present information about Liberty Global as an individual undertaking and not about its consolidated group. Under section 408 of the Companies Act 2006, we are exempt from the requirement to present our own profit and loss account.

Unless otherwise indicated, translations into U.S. dollars are calculated as of December 31, 2020.

(2) Summary of Significant Accounting Policies

The accounting policies set forth below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Foreign Currency

Our presentation and functional currency is the U.S. dollar.

Estimates

See note 2 to the Consolidated Financial Statements for significant estimates and judgments which are reflected in our investments in subsidiaries. No additional significant estimates or judgments have been identified for the Company.

LIBERTY GLOBAL PLC
Notes to Parent Company Only Statements of Financial Position — (Continued)
December 31, 2020 and 2019

Going Concern

The accompanying financial statements are prepared under the assumption that we will continue to operate as a going concern, which contemplates the realization of assets and the liquidation of liabilities in the ordinary course of business. Our ability to continue as a going concern is dependent upon our ability to generate sufficient cash flows and earnings from our group undertakings' operations. We have evaluated and consider our business to be a going concern based on our capital resources, the historical operating profitability of our group undertakings, the long-term nature of our commitments and the prospects of our group undertakings.

Share Issues

Share issues are recorded at fair value of the net proceeds.

Investments

Investments in subsidiary undertakings are stated at cost. Where investments are acquired in exchange for a share issue we record the investment at fair value of the underlying share capital on the transaction date. For further information regarding our investments, see note 3.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation.

Depreciation is computed using the straight-line method over the estimated useful life of the underlying asset. Useful lives used to depreciate our property and equipment are assessed periodically and are adjusted when warranted. For additional information regarding the useful lives of our property and equipment, see note 9.

Additions, replacements and improvements that extend the asset life are capitalized. Repairs and maintenance are charged to operations.

Impairment of Property and Equipment and Intangible Assets

When circumstances warrant, we review the carrying amounts of our property and equipment and our intangible assets to determine whether such carrying amounts continue to be recoverable. Such changes in circumstance may include (i) an expectation of a sale or disposal of a non-current asset or asset group, (ii) adverse changes in market or competitive conditions, (iii) an adverse change in legal factors or business climate in the markets in which we operate and (iv) operating or cash flow losses. For purposes of impairment testing, non-current assets are grouped at the lowest level for which cash flows are largely independent of other assets and liabilities, generally at or below the cash-generating unit level. If the carrying amount of the asset or asset group is greater than the expected discounted cash flows to be generated by such asset or asset group, an impairment adjustment is recognized. Such adjustment is measured by the amount that the carrying value of such asset or asset group exceeds its fair value. We generally measure fair value by considering (a) sale prices for similar assets, (b) discounted estimated future cash flows using an appropriate discount rate and/or (c) estimated replacement cost. Assets to be disposed of are carried at the lower of their financial statement carrying amount or fair value less costs to sell.

Interest-bearing Borrowings

Debt is stated at the fair value of the consideration received on the issue of the capital instrument after deduction of issue costs. The finance cost of the debt is amortized over the term of the debt at a constant rate on the carrying amount.

Share-Based Compensation

We recognize all share-based payments to employees, including grants of employee share-based incentive awards, based on their grant-date fair values and our estimates of forfeitures. We recognize the grant-date fair value of outstanding awards as a charge to operations over the vesting period.

LIBERTY GLOBAL PLC
Notes to Parent Company Only Statements of Financial Position — (Continued)
December 31, 2020 and 2019

The grant date fair values for options, SARs and PSARs are estimated using the Black-Scholes option pricing model, and the grant date fair values for RSUs, RSAs and PSUs are based upon the closing share price of Liberty Global ordinary shares on the date of grant. We consider historical exercise trends in our calculation of the expected life of options and SARs granted by Liberty Global to employees. The expected volatility for options and SARs related to our ordinary shares is generally based on a combination of (i) historical volatilities for a period equal to the expected average life of the awards and (ii) volatilities implied from publicly-traded options for our shares.

Where we grant options over our own shares to the employees of our subsidiaries we recognize an increase in the cost of investment in our subsidiaries equivalent to the equity-settled share-based payment charge recognized in our subsidiary's financial statements with the corresponding credit being recognized directly in equity. Amounts recharged to and reimbursed by the subsidiary are recognized as a reduction in the cost of investment in subsidiary. If the cumulative amount recharged and reimbursed exceeds the increase in the cost of investment the excess is recognized as a dividend.

We generally issue new Liberty Global ordinary shares when Liberty Global options or SARs are exercised, when RSUs and PSUs vest and when RSAs are granted. Although we repurchase Liberty Global ordinary shares from time to time, the parameters of our share purchase and redemption activities are not established with reference to the dilutive impact of our share-based compensation plans.

Income Taxes

The charge for taxation is based on the profit or loss for the period and takes into account deferred taxation related to temporary differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which differences reverse, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

Deferred tax assets are recognized only to the extent that the directors consider it more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Foreign Currency Transactions

Transactions denominated in currencies other than our functional currency are recorded based on exchange rates at the time such transactions arise. Changes in exchange rates with respect to amounts recorded in our statements of financial position related to these non-functional currency transactions result in transaction gains or losses that are reflected in our profit and loss accounts as unrealized (based on the applicable period end exchange rates) or realized upon settlement of the transactions.

(3) Investments in Group Undertakings

The details of our investment in group undertakings during 2020 and 2019 are set forth below (in millions):

Balance at January 1, 2019	\$ 43,161.8
Additions, other than share-based compensation	306.2
Amounts related to share-based compensation (a)	142.1
Balance at December 31, 2019	43,610.1
Additions, other than share-based compensation (b)	1,746.5
Amounts related to share-based compensation (a)	168.7
Balance at December 31, 2020	<u>\$ 45,525.3</u>

- (a) Represents additions attributable to share-based compensation associated with employees of our subsidiaries, less amounts that we recharge to our subsidiaries in connection with the exercise of our SARs and options and the vesting of our restricted share awards held by employees of our subsidiaries, as adjusted to reflect any deemed dividends arising from amounts charged in excess of the allocated share-based compensation with respect to certain of our subsidiaries.

LIBERTY GLOBAL PLC
Notes to Parent Company Only Statements of Financial Position — (Continued)
December 31, 2020 and 2019

- (b) This amount primarily represents an additional investment made by our company in Liberty Global, Inc. in exchange for 16 ordinary shares of Liberty Global, Inc.

Subsidiaries

For a listing of our subsidiaries at December 31, 2020, see note 27 to the Consolidated Financial Statements.

(4) Transactions with Group Undertakings

The following table provides details of our group undertaking balances:

	December 31,	
	2020	2019
	in millions	
Notes receivable:		
LG Ventures (a)	\$ 360.9	\$ 1,010.2
LGCI Holdings (b)	18.0	16.0
LG Ventures Group (c)	2.3	23.7
LG Content Investments (d)	0.2	0.2
LG Broadband I (e)	—	1,803.1
LG Technology (f)	—	36.2
Total notes receivable	381.4	2,889.4
Interest receivable (g)	4.2	71.0
Other receivables (h)	49.1	77.5
Total	\$ 434.7	\$ 3,037.9
Non-current notes payable:		
LG Broadband Germany Holding II (i)	\$ 7,014.2	\$ 7,000.0
LG Broadband Holding (j)	4,300.9	4,292.3
LG Broadband Germany Holding (k)	3,585.2	3,115.8
LG Infrastructure Real Estate Holdco (l)	52.5	36.2
LG Technology (f)	26.3	—
LG Incorporated (m)	—	1,043.1
Total non-current notes payable	14,979.1	15,487.4
Current notes payable:		
LG Europe 2 (n)	8,858.0	7,575.4
LG Broadband I (o)	385.2	—
Total current notes payable	9,243.2	7,575.4
Other accrued and current liabilities (p)	1,063.7	773.5
Total	\$ 25,286.0	\$ 23,836.3

- (a) Represents a note receivable from Liberty Global Ventures Limited (**LG Ventures**), previously Liberty Global Incorporated Limited (**LG Incorporated**). Pursuant to the loan agreement the maturity date is November 30, 2026, however Liberty Global may agree to advance additional amounts to LG Incorporated at any time and LG Incorporated may, with agreement from Liberty Global, repay all or part of the outstanding principal at any time prior to the maturity date. The note receivable is subject to further borrowings and repayments. The interest rate on this loan, which is subject to adjustment, was 7.02% as of December 31, 2020.

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Notes to Parent Company Only Statements of Financial Position — (Continued)
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- (b) Represents a euro denominated note receivable from LGCI Holdings Limited (**LGCI Holdings**). Pursuant to the loan agreement the maturity date is March 9, 2024, however Liberty Global may agree to advance additional amounts to LGCI Holdings at any time and LGCI Holdings may, with agreement from Liberty Global, repay all or part of the outstanding principal at any time prior to the maturity date. The note receivable is subject to further borrowings and repayments. The interest rate on this loan, which is subject to adjustment, was 5.16% as of December 31, 2020.
- (c) Represents a note receivable from Liberty Global Ventures Group Limited (**LG Ventures Group**). Pursuant to the loan agreement the maturity date is August 3, 2024, however Liberty Global may agree to advance additional amounts to LG Ventures Group at any time and LG Ventures Group may, with agreement from Liberty Global, repay all or part of the outstanding principal at any time prior to the maturity date. The note receivable is subject to further borrowings and repayments. The interest rate on this loan, which is subject to adjustment, was 6.95% as of December 31, 2020.
- (d) Represents a euro denominated note receivable from Liberty Global Content Investments BV (**LG Content Investments**). Pursuant to the loan agreement the maturity date is September 23, 2022, however Liberty Global may agree to advance additional amounts to LG Content Investments at any time and LG Content Investments may, with agreement from Liberty Global, repay all or part of the outstanding principal at any time prior to the maturity date. The note receivable is subject to further borrowings and repayments. The interest rate on this loan, which is subject to adjustment, was 7.33% as of December 31, 2020.
- (e) At December 31, 2019, this amount represented a note receivable from Liberty Global Broadband I Limited (**LG Broadband I**). The interest rate on this loan, which was subject to adjustment, was 4.80% as of December 31, 2019.
- (f) Represents a loan payable at December 31, 2020 and a loan receivable at December 31, 2019 pursuant to a loan agreement with Liberty Global Technology Limited (**LG Technology**). This loan agreement matures on March 23, 2028, however Liberty Global may agree to advance additional amounts to LG Technology at any time and LG Technology may, with agreement from Liberty Global, repay all or part of the outstanding principal at any time prior to the maturity date. The note is subject to further borrowings and repayments. The interest rate on this loan, which is subject to adjustment, was 7.01% as of December 31, 2020.
- (g) Represents interest related to our various notes receivable as discussed above.
- (h) Represents certain receivables from other Liberty Global subsidiaries generally arising in the normal course of business.
- (i) Represents a note payable to Liberty Global Broadband Germany Holding II Limited (**LG Broadband Germany Holding II**). Pursuant to the loan agreement the maturity date is April 1, 2025, however LG Broadband Germany Holding II may agree to advance additional amounts to our company at any time and our company may, with agreement from LG Broadband Germany Holding II, repay all or part of the outstanding principal at any time prior to the maturity date. The note payable is subject to further borrowings and repayments. The interest rate on this loan, which is subject to adjustment, was 3.47% as of December 31, 2020.
- (j) Represents a note payable to Liberty Global Broadband Holding Limited (**LG Broadband Holding**). Pursuant to the loan agreement the maturity date is April 1, 2025, however LG Broadband Holding may agree to advance additional amounts to our company at any time and our company may, with agreement from LG Broadband Holding, repay all or part of the outstanding principal at any time prior to the maturity date. The note payable is subject to further borrowings and repayments. The interest rate on this loan, which is subject to adjustment, was 3.47% as of December 31, 2020.
- (k) Represents a euro denominated note payable to Liberty Global Broadband Germany Holding Limited (**LG Broadband Germany Holding**). Pursuant to the loan agreement the maturity date is December 27, 2028, however LG Broadband Germany Holding may agree to advance additional amounts to our company at any time and our company may, with agreement from LG Broadband Germany Holding, repay all or part of the outstanding principal at any time prior to the maturity date. The note payable is subject to further borrowings and repayments. The interest rate on this loan, which is subject to adjustment, was 5.61% as of December 31, 2020.
- (l) Represents a British pound sterling denominated note payable to Liberty Infrastructure Real Estate Holdco Limited (**LG Infrastructure Real Estate Holdco**). Pursuant to the loan agreement the maturity date is December 1, 2029, however LG Infrastructure Real Estate Holdco may agree to advance additional amounts to our company at any time and our company may, with agreement from LG Infrastructure Real Estate Holdco, repay all or part of the outstanding principal at any time prior to the maturity date. The note payable is subject to further borrowings and repayments. The interest rate on this loan, which is subject to adjustment, was 6.24% as of December 31, 2020.

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- (m) At December 31, 2019, this amount represented a note payable to LG Incorporated. The interest rate on this loan, which was subject to adjustment, was 6.49% as of December 31, 2019.
- (n) Represents a revolving credit facility with Liberty Global Europe 2 Limited (**LG Europe 2**). Pursuant to the loan agreement the maturity date is July 16, 2023, however LG Europe 2 may agree to advance additional amounts to our company at any time and our company may, with agreement from LG Europe 2, repay all or part of the outstanding principal at any time prior to the maturity date. The interest rate on this credit facility, which is subject to adjustment, was 5.68% as of December 31, 2020.
- (o) Represents a revolving credit facility with LG Broadband I. Pursuant to the loan agreement the maturity date is April 23, 2021, however LG Broadband I may agree to advance additional amounts to our company at any time and our company may, with agreement from LG Broadband I, repay all or part of the outstanding principal at any time prior to the maturity date. The interest rate on this credit facility, which is subject to adjustment, was 3.75% as of December 31, 2020.
- (p) Represents certain payables to other Liberty Global subsidiaries generally arising in the normal course of business.

(5) Called Up Share Capital

Our share capital comprises the following at December 31, 2020:

	<u>Shares</u>	<u>Amount</u> in millions
Allotted, called up and fully paid Liberty Global Shares:		
Class A of \$0.01 each	181,348,114	\$ 1.8
Class B of \$0.01 each	12,561,444	0.1
Class C of \$0.01 each	386,588,921	3.9
Total share capital		<u>\$ 5.8</u>

The details of our share activity during 2020 are set forth below:

	<u>Class A of \$0.01 each</u>	<u>Class B of \$0.01 each</u>	<u>Class C of \$0.01 each</u>	<u>Total shares</u>
Balance at January 1, 2020	181,560,735	12,151,526	438,867,447	632,579,708
Additional issuances	792,101	421,440	1,608,235	2,821,776
Repurchases	(1,309,000)	—	(54,473,323)	(55,782,323)
Other	304,278	(11,522)	586,562	879,318
Balance at December 31, 2020	<u>181,348,114</u>	<u>12,561,444</u>	<u>386,588,921</u>	<u>580,498,479</u>

For additional information regarding our share repurchases, see note 12 to the Consolidated Financial Statements.

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Notes to Parent Company Only Statements of Financial Position — (Continued)
December 31, 2020 and 2019

(6) Reserves

Our called up share capital and reserves comprise the following at December 31, 2020 and 2019:

	Called up share capital	Share premium reserve	Merger reserve	Capital redemption reserve	Other reserves	Profit and loss account	Treasury shares, at cost	Shareholders' funds
	in millions							
Balance at January 1, 2019.....	\$ 7.4	\$ 1,121.5	\$ 4,749.3	\$ 3.0	\$ 131.7	\$ 20,659.0	\$ (0.1)	\$ 26,671.8
Loss for the financial period.....	—	—	—	—	—	(552.3)	—	(552.3)
Purchase and cancellation of our shares.....	(1.1)	—	—	1.1	—	(3,220.2)	—	(3,220.2)
Share-based compensation..	—	2.8	—	—	—	218.1	—	220.9
Balance at December 31, 2019.....	6.3	1,124.3	4,749.3	4.1	131.7	17,104.6	(0.1)	23,120.2
Loss for the financial period.....	—	—	—	—	—	(1,380.4)	—	(1,380.4)
Purchase and cancellation of our shares.....	(0.5)	—	—	0.5	—	(1,072.3)	—	(1,072.3)
Share-based compensation..	—	2.7	—	—	—	238.0	—	240.7
Balance at December 31, 2020.....	<u>\$ 5.8</u>	<u>\$ 1,127.0</u>	<u>\$ 4,749.3</u>	<u>\$ 4.6</u>	<u>\$ 131.7</u>	<u>\$ 14,889.9</u>	<u>\$ (0.1)</u>	<u>\$ 20,908.2</u>

Share Repurchases

Our board of directors has approved share repurchase programs for our ordinary shares. Under these plans, we receive authorization to acquire up to the specified amount (before direct acquisition costs) of Class A and Class C ordinary shares, or other authorized securities, from time to time through open market or privately negotiated transactions, which may include derivative transactions. In accordance with English law, we may implement the program in conjunction with our brokers and other financial institutions with whom we have relationships within certain preset parameters. The timing of the repurchase of shares pursuant to our share repurchase programs, which may be suspended or discontinued at any time, is dependent on a variety of factors, including market conditions. As of December 31, 2020, the remaining amount authorized for share repurchases was \$1.0 billion.

The following table provides details of our share repurchases during 2020 and 2019:

	Class A ordinary shares		Class C ordinary shares		Total cost (a) in millions
	Shares repurchased	Average price paid per share (a)	Shares repurchased	Average price paid per share (a)	
Liberty Global Shares:					
2020.....	1,309,000	\$ 22.38	54,473,323	\$ 19.15	\$ 1,072.3
2019 (b).....	24,348,562	\$ 27.61	95,395,291	\$ 26.64	\$ 3,220.2

(a) Includes direct acquisition costs, where applicable.

(b) Includes repurchases made pursuant to modified Dutch auction cash tenders, comprising 24,002,262 shares of our class A ordinary shares at a per share price of \$27.50 and 75,420,009 shares of our class C ordinary shares at a price per share of \$27.00, for an aggregate purchase price of \$2.7 billion, including direct acquisition costs.

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Notes to Parent Company Only Statements of Financial Position — (Continued)
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(7) Debtors and Other Assets

Debtors and other assets consist of the following:

	December 31,	
	2020	2019
	in millions	
Amounts owed by group undertakings:		
Notes receivable (note 4)	\$ 381.4	\$ 2,889.4
Interest and other receivables (note 4)	53.3	148.5
Total amounts owed by group undertakings	434.7	3,037.9
Other assets: amounts recoverable in more than one year	103.4	224.1
Other assets: amounts recoverable in less than one year	94.0	75.5
Deferred income taxes	5.4	2.0
Total debtors and other assets (a)	<u>\$ 637.5</u>	<u>\$ 3,339.5</u>

- (a) At December 31, 2020 and 2019, \$512.7 million and \$1,335.0 million, respectively, is due after more than one year. For further information see note 4.

(8) Creditors

Creditors consists of the following:

	December 31,	
	2020	2019
	in millions	
Amounts falling due within one year:		
Note payable — group undertakings (note 4)	\$ 9,243.2	\$ 7,575.4
Other accrued and current liabilities — group undertakings (note 4)	1,063.7	773.5
Other accrued and current liabilities — third-party	10.8	10.4
Trade creditors	0.5	0.5
Total creditors — amounts falling due within one year	<u>\$ 10,318.2</u>	<u>\$ 8,359.8</u>
Amounts falling due after one year:		
Notes payable — group undertakings (note 4)	\$ 14,979.1	\$ 15,487.4
Other non-current liabilities — third-party	3.7	3.5
Total creditors — amounts falling due after one year	<u>\$ 14,982.8</u>	<u>\$ 15,490.9</u>

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Notes to Parent Company Only Statements of Financial Position — (Continued)
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(9) Non-Current Assets

Property and Equipment, Net

Changes in our property and equipment and the related accumulated depreciation are set forth below (in millions):

Cost:	
January 1, 2020.....	\$ 11.1
Additions.....	—
December 31, 2020.....	<u>\$ 11.1</u>
Accumulated depreciation:	
January 1, 2020.....	\$ (4.7)
Depreciation.....	(1.3)
December 31, 2020.....	<u>\$ (6.0)</u>
Property and equipment, net:	
December 31, 2020.....	<u>\$ 5.1</u>

(a) The estimated useful lives at December 31, 2020 range from 3 to 10 years.

Other Indefinite-lived Intangible Assets

Our intangible assets relate to our domain names. These intangible assets are considered to have indefinite lives and had an aggregate carrying value of \$3.0 million at each of December 31, 2020 and 2019.

(10) Directors' Remuneration

Information regarding directors' compensation (remuneration), interests in shares and share options for consolidated Liberty Global is included within the *Directors' Remuneration Report* contained elsewhere in this annual report.