Condensed Consolidated Financial Statements
March 31, 2021

CABLE & WIRELESS COMMUNICATIONS LIMITED
Griffin House
161 Hammersmith Road
London, W6 8BS
United Kingdom

CABLE & WIRELESS COMMUNICATIONS LIMITED

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GLOSSARY OF DEFINED TERMS

Unless the context requires otherwise, references to "**C&W**", "**we**," "**our**," "**our company**" and "**us**" in this report refers to Cable & Wireless Communications Limited or collectively to Cable & Wireless Communications Limited and its subsidiaries. We have used several other terms in this report, most of which are defined or explained below.

2020 Annual Report	Annual Report for the year ended December 31, 2020
Adjusted OIBDA	Operating income or loss before depreciation and amortization, share-based compensation, related-party fees and allocations, provisions and provision releases related to significant litigation and impairment, restructuring and other operating items. Other operating items include (i) gains and losses on the disposition of long-lived assets, (ii) third-party costs directly associated with successful and unsuccessful acquisitions and dispositions, including legal, advisory and due diligence fees, as applicable, and (iii) other acquisition-related items, such as gains and losses on the settlement of contingent consideration.
ARPU	Average monthly subscription revenue per average fixed RGU or mobile subscriber, as applicable
ASU	Accounting Standards Update
B2B	Business-to-business
C&W Bahamas	The Bahamas Telecommunications Company Limited, a 49%-owned subsidiary that owns all of our operations in the Bahamas
C&W Caribbean and Networks	Includes all our subsidiaries, excluding CWP
C&W Credit Facilities	Senior secured credit facilities of certain subsidiaries of ours comprised of: (i) C&W Term Loan B-5 Facility; (ii) C&W Revolving Credit Facility; and (iii) C&W Regional Facilities
C&W Jamaica	Cable & Wireless Jamaica Limited, a 92%-owned subsidiary
C&W Notes	Senior and senior secured notes comprised of: (i) 2027 C&W Senior Secured Notes; (ii) 2026 C&W Senior Notes; and (iii) 2027 C&W Senior Notes
C&W Regional Facilities	Primarily comprised of credit facilities at CWP, C&W Jamaica and Columbus Communications Trinidad Limited
C&W Revolving Credit Facility	$630 million LIBOR + 3.25% revolving credit facility, of which $50 million is due June 30, 2023 and $580 million is due January 30, 2026
C&W Term Loan B-4 Facility	$1,640 million principal amount term loan B-4 facility (repaid during 2020)
COP	Colombian peso
CPE	Customer premises equipment
CWP	Cable & Wireless Panama, S.A., a 49%-owned subsidiary that owns most of our operations in Panama
FASB	Financial Accounting Standards Board
FX	Foreign currency translation effects
JMD	Jamaican dollar
LGE Coral Holdco	LGE Coral Holdco Limited, a wholly-owned subsidiary of Liberty Latin America
Liberty Latin America	Liberty Latin America Ltd.
LIBOR	London Inter-Bank Offered Rate
LiLAC Services	LiLAC Services Ltd., a wholly-owned subsidiary of Liberty Latin America
Networks & LatAm	Business operations within C&W Caribbean and Networks
RGU	Revenue generating unit
Sable	Sable International Finance Limited, a wholly-owned subsidiary
Sable Currency Swaps	U.S. dollar to the Jamaican dollar cross-currency swaps held by Sable
U.K.	United Kingdom
U.S.	United States
U.S. GAAP	Generally accepted accounting principles in the United States
UTS	United Telecommunication Services N.V.
UTS Acquisition	Acquisition of UTS in 2019
VAT	Value-added taxes
Weather Derivative	Weather derivative contract that provides insurance coverage for certain weather-related events

CABLE & WIRELESS COMMUNICATIONS LIMITED

CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)

	March 31, 2021	December 31, 2020
	in millions	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 474.7	$ 485.5
Trade receivables, net of allowances of $69.3 million and $71.5 million, respectively	379.5	381.1
Prepaid expenses	37.1	33.8
Other current assets, net	204.9	186.7
Total current assets	1,096.2	1,087.1
Goodwill	3,695.6	3,729.1
Property and equipment, net	2,749.4	2,810.0
Intangible assets subject to amortization, net	659.0	704.9
Other assets, net	744.7	719.5
Total assets	$ 8,944.9	$ 9,050.6
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 118.2	$ 124.4
Current portion of deferred revenue	87.0	92.1
Current portion of debt and finance lease obligations	164.5	161.5
Accrued interest	49.6	69.5
Accrued payroll and employee benefits	35.3	47.7
Accrued capital expenditures	21.5	23.7
Other accrued and current liabilities	454.8	469.9
Total current liabilities	930.9	988.8
Long-term debt and finance lease obligations	4,101.7	4,104.3
Deferred tax liabilities	179.6	182.8
Deferred revenue	169.6	182.2
Pension liabilities	275.4	272.2
Other long-term liabilities	194.9	265.5
Total liabilities	5,852.1	5,995.8
Commitments and contingencies		
Equity:		
Parent equity:		
Share capital	0.1	0.1
Accumulated net contributions	4,074.7	4,074.7
Accumulated deficit	(1,448.3)	(1,515.6)
Accumulated other comprehensive loss, net of taxes	(241.6)	(211.2)
Total parent equity	2,384.9	2,348.0
Noncontrolling interests	707.9	706.8
Total equity	3,092.8	3,054.8
Total liabilities and equity	$ 8,944.9	$ 9,050.6

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

CABLE & WIRELESS COMMUNICATIONS LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three months ended March 31, 2021	Three months ended March 31, 2020
	in millions	
Revenue	$ 549.9	$ 588.6
Operating costs and expenses (exclusive of depreciation and amortization, shown separately below):		
Programming and other direct costs of services	108.1	122.1
Other operating costs and expenses	223.4	241.1
Related-party fees and allocations	5.3	11.0
Depreciation and amortization	145.9	147.6
Impairment, restructuring and other operating items, net	(0.8)	9.2
	481.9	531.0
Operating income	68.0	57.6
Non-operating income (expense):		
Interest expense	(58.4)	(66.8)
Interest income	0.5	4.1
Realized and unrealized gains (losses) on derivative instruments, net	85.0	(94.8)
Foreign currency transaction losses, net	(18.9)	(31.5)
Losses on debt extinguishment	—	(3.4)
Other expense, net	(0.6)	(0.3)
	7.6	(192.7)
Earnings (loss) before income taxes	75.6	(135.1)
Income tax expense	(7.0)	(8.7)
Net earnings (loss)	68.6	(143.8)
Net loss (earnings) attributable to noncontrolling interests	(1.3)	4.0
Net earnings (loss) attributable to parent	$ 67.3	$ (139.8)

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

CABLE & WIRELESS COMMUNICATIONS LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS (LOSS)
(unaudited)

	Three months ended March 31,	
	2021	2020
	in millions	
Net earnings (loss)	$ 68.6	$ (143.8)
Other comprehensive loss, net of taxes:		
Foreign currency translation adjustments	(30.4)	(32.6)
Unrealized gains on available-for-sale investments and other, net	(0.2)	(2.0)
Other comprehensive loss	(30.6)	(34.6)
Comprehensive earnings (loss)	38.0	(178.4)
Comprehensive loss (earnings) attributable to noncontrolling interests	(1.1)	4.2
Comprehensive earnings (loss) attributable to parent	$ 36.9	$ (174.2)

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

CABLE & WIRELESS COMMUNICATIONS LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(unaudited)

	Parent equity						
	Share capital	Accumulated net contributions	Accumulated deficit	Accumulated other comprehensive loss, net of taxes	Total parent equity	Non-controlling interests	Total equity
				in millions			
Balance at January 1, 2020	$ 0.1	$ 4,407.1	$ (1,105.3)	$ (142.9)	$ 3,159.0	$ 846.9	$ 4,005.9
Accounting change (note 2)	—	—	(0.5)	—	(0.5)	0.2	(0.3)
Balance at January 1, 2020, as adjusted for accounting change	0.1	4,407.1	(1,105.8)	(142.9)	3,158.5	847.1	4,005.6
Net loss	—	—	(139.8)	—	(139.8)	(4.0)	(143.8)
Other comprehensive loss	—	—	—	(34.4)	(34.4)	(0.2)	(34.6)
Other	—	0.9	—	—	0.9	(0.1)	0.8
Balance at March 31, 2020	$ 0.1	$ 4,408.0	$ (1,245.6)	$ (177.3)	$ 2,985.2	$ 842.8	$ 3,828.0
Balance at January 1, 2021	$ 0.1	$ 4,074.7	$ (1,515.6)	$ (211.2)	$ 2,348.0	$ 706.8	$ 3,054.8
Net earnings	—	—	67.3	—	67.3	1.3	68.6
Other comprehensive loss	—	—	—	(30.4)	(30.4)	(0.2)	(30.6)
Balance at March 31, 2021	$ 0.1	$ 4,074.7	$ (1,448.3)	$ (241.6)	$ 2,384.9	$ 707.9	$ 3,092.8

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

CABLE & WIRELESS COMMUNICATIONS LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Three months ended March 31, 2021	Three months ended March 31, 2020
	in millions	
Cash flows from operating activities:		
Net earnings (loss)	$ 68.6	$ (143.8)
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:		
Depreciation and amortization	145.9	147.6
Impairment	2.1	2.2
Amortization of debt financing costs, premiums and discounts, net	1.6	1.5
Realized and unrealized losses (gains) on derivative instruments, net	(85.0)	94.8
Foreign currency transaction losses, net	18.9	31.5
Losses on debt extinguishment	—	3.4
Deferred income tax expense (benefit)	3.9	(0.7)
Changes in operating assets and liabilities, net of the effect of an acquisition	(94.6)	(102.6)
Net cash provided by operating activities	61.4	33.9
Cash flows from investing activities:		
Capital expenditures	(54.4)	(79.2)
Loans to affiliates and other related parties	—	(65.8)
Repayments of loans to affiliates and other related parties	—	55.9
Other investing activities, net	(4.2)	2.0
Net cash used by investing activities	(58.6)	(87.1)
Cash flows from financing activities:		
Borrowings of third-party debt	9.7	370.9
Payments of principal amounts of third-party debt and finance lease obligations	(20.8)	(30.8)
Payment of financing costs and debt redemption premiums	—	(25.7)
Net cash received (paid) related to derivative instruments	0.6	(4.3)
Other financing activities, net	(2.0)	(1.0)
Net cash provided (used) by financing activities	(12.5)	309.1
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(1.9)	(2.4)
Net increase (decrease) in cash, cash equivalents and restricted cash	(11.6)	253.5
Cash, cash equivalents and restricted cash:		
Beginning of period	503.5	452.1
End of period	$ 491.9	$ 705.6
Cash paid for interest	$ 72.9	$ 77.0
Net cash paid for taxes	$ 8.5	$ 10.5

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

(1) Basis of Presentation

See the Glossary of defined terms at the beginning of this report for terms used throughout the condensed financial statements and related notes.

Organization

C&W is a provider of mobile, fixed and subsea telecommunications services. We provide residential and B2B services in over 20 countries across Latin America and the Caribbean. Through our Networks & LatAm business, we also provide (i) B2B services in certain other countries in Latin America and the Caribbean and (ii) wholesale communication services over our subsea and terrestrial fiber optic cable networks that connect over 40 markets in the region. C&W is a wholly-owned subsidiary of LGE Coral Holdco.

We own less than 100% of certain of our consolidated subsidiaries, including C&W Bahamas, C&W Jamaica and CWP.

Basis of Presentation

The accompanying condensed consolidated financial statements have been prepared in accordance with U.S. GAAP. Accordingly, these financial statements do not include all of the information required by U.S. GAAP for complete financial statements. In the opinion of management, these financial statements reflect all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the results of operations for the interim periods presented. The results of operations for any interim period are not necessarily indicative of results for the full year. These condensed consolidated financial statements should be read in conjunction with our consolidated financial statements and notes thereto included in our 2020 Annual Report.

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

Unless otherwise indicated, ownership percentages and convenience translations into U.S. dollars are calculated as of March 31, 2021.

These condensed consolidated financial statements reflect our consideration of the accounting and disclosure implications of subsequent events through May 26, 2021, the date of issuance.

Certain prior period amounts have been reclassified to conform to the current period presentation. During the second quarter of 2020, we changed the presentation of certain operating costs and expenses in our condensed consolidated statements of operations in order to better align with management's approach to monitoring and evaluating such costs. Specifically, we have combined the costs previously reported in the consolidated statement of operations' captions "other operating" and "selling, general and administrative" into one line, which is now referred to as "other operating costs and expenses." In conjunction with this change, we have provided additional disclosure of the nature of other operating costs and expenses by function, as set forth in note 12. This change in presentation did not have any impact on operating income or loss, net loss or any of our key performance metrics. In addition, we have provided additional disclosure of the nature of our programming and other direct costs of services, as set forth in note 11.

(2) Accounting Changes and Recent Accounting Pronouncements

Accounting Changes

ASU 2018-14

In August 2018, the FASB issued ASU No. 2018-14, *Disclosure Framework-Changes to the Disclosure Requirements for Defined Benefit Plans* (**ASU 2018-14**), which removes and modifies certain existing disclosure requirements and adds new disclosure requirements related to employer sponsored defined benefit pension or other postretirement plans. We adopted ASU 2018-14 effective January 1, 2021 and it did not have a material impact on the disclosures in our condensed consolidated financial statements.

Recent Accounting Pronouncements

General

We expect to adopt the following accounting pronouncements in conjunction with Liberty Latin America.

ASU 2020-04 and ASU 2021-01

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting* (**ASU 2020-04**), which provides optional guidance for a limited time to ease the potential accounting burden associated with transitioning away from reference rates, such as the LIBOR, which regulators in the U.K. have announced will be phased out by the end of 2021. In January 2021, the FASB issued ASU No. 2021-01, *Reference Rate Reform (Topic 848) (***ASU 2021-01***)*, which clarifies certain optional expedients and exceptions in ASC 848. The expedients and exceptions provided by ASU 2020-04 and ASU 2021-01 are for the application of U.S. GAAP to contracts, hedging relationships and other transactions affected by the rate reform, and will not be available after December 31, 2022, other than for certain hedging relationships entered into before December 31, 2022. We do not currently expect that the phase out of LIBOR will have a material impact on our consolidated financial statements.

(3) Current Expected Credit Losses

The changes in our trade receivables allowance for credit losses are set forth below:

	Three months ended March 31,	
	2021	**2020**
	in millions	
Balance at beginning of period	$ 71.5	$ 60.6
Provision for expected losses	7.6	10.4
Write-offs	(8.4)	(6.4)
Foreign currency translation adjustments and other	(1.4)	1.2
Balance at end of period	$ 69.3	$ 65.8

(4) Derivative Instruments

In general, we seek to enter into derivative instruments to protect against (i) increases in the interest rates on our variable-rate debt and (ii) foreign currency movements, particularly with respect to borrowings that are denominated in a currency other than the functional currency of the borrowing entity. In this regard, we have entered into various derivative instruments to manage interest rate exposure and foreign currency exposure with respect to the U.S. dollar, the COP and the JMD.

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

	March 31, 2021			December 31, 2020		
	Current (a)	Long-term (a)	Total	Current (a)	Long-term (a)	Total
	in millions					
Assets – cross-currency and interest rate derivative contracts (b)	$ —	$ 18.7	$ 18.7	$ —	$ 1.8	$ 1.8
Liabilities – cross-currency and interest rate derivative contracts (b)	$ 28.7	$ 27.7	$ 56.4	$ 30.2	$ 106.2	$ 136.4

(a) Our current derivative liabilities, long-term derivative assets and long-term derivative liabilities are included in other accrued and current liabilities, other assets, net, and other long-term liabilities, respectively, in our condensed consolidated balance sheets.

(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. The changes in the credit risk valuation adjustments associated with our cross-currency and interest rate derivative contracts resulted in a net gain (loss) of ($13 million) and $25 million during the three months ended March 31, 2021 and 2020, respectively. These amounts are included in realized and unrealized gains (losses) on derivative instruments, net, in our condensed consolidated statements of operations. For further information regarding our fair value measurements, see note 5.

The derivative assets set forth in the table above exclude our Weather Derivative as it is not accounted for at fair value. The premiums paid associated with our Weather Derivative are included in other current assets, net, in our condensed consolidated balance sheets.

The realized and unrealized gains (losses) on derivative instruments, net, in our condensed consolidated statements of operations include charges of $6 million and $4 million for the three months ended March 31, 2021 and 2020, respectively, related to amortization of the premium associated with our Weather Derivative contract. The insurance coverage associated with the Weather Derivative is underwritten by a related-party captive insurance entity, as further described in note 10.

The following table sets forth the classification of the net cash outflows of our derivative instruments:

	Three months ended March 31,	
	2021	2020
	in millions	
Operating activities	$ (6.9)	$ (6.0)
Financing activities	0.6	(4.3)
Total	$ (6.3)	$ (10.3)

Counterparty Credit Risk

We are exposed to the risk that the counterparties to our derivative instruments will default on their obligations to us. We manage these credit risks through the evaluation and monitoring of the creditworthiness of, and concentration of risk with, the respective counterparties. In this regard, credit risk associated with our derivative instruments is spread across a relatively broad counterparty base of banks and financial institutions. Collateral has not been posted by either party under our derivative instruments. At March 31, 2021, our exposure to counterparty credit risk resulting from our net derivative position was not material.

We have entered into derivative instruments under 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.

Details of our Derivative Instruments

Cross-currency Derivative Contracts

As noted above, we are exposed to foreign currency exchange rate risk 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 service, repay or refinance such debt. Although we generally seek to match the denomination of our 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). Our policy is generally to provide for an economic hedge against foreign currency exchange rate movements, whenever possible and when cost effective to do so, by using derivative instruments to synthetically convert unmatched debt into the applicable underlying currency. At March 31, 2021, our cross-currency swap contract had notional amounts due from and to counterparties of $56 million and COP 197,014.1 million, respectively, with a remaining contractual life of 5.3 years.

Interest Rate Derivative Contracts

Interest Rate Swaps

As noted above, we enter into interest rate swaps to protect against increases in the interest rates on our variable-rate debt. Pursuant to these derivative instruments, we typically pay fixed interest rates and receive variable interest rates on specified notional amounts. At March 31, 2021, the notional amount of our interest rate swap contracts was $2,250 million, which includes forward-starting derivative instruments, and the related weighted average remaining contractual life was 6.5 years.

Basis Swaps

Basis swaps involve the exchange of attributes used to calculate our floating interest rates, including (i) the benchmark rate, (ii) the underlying currency and/or (iii) the borrowing period. We typically enter into these swaps to optimize our interest rate profile based on our current evaluations of yield curves, our risk management policies and other factors. At March 31, 2021, the U.S. dollar equivalent of the notional amount of our basis swaps was $1,510 million and the related weighted average remaining contractual life was 0.8 years.

(5) Fair Value Measurements

General

We record most of our derivative instruments at fair value. The reported fair values of our derivative instruments as of March 31, 2021 likely will not represent the value that will be paid or received upon the ultimate settlement or disposition of these assets and liabilities, as we expect that the values realized generally will be based on market conditions at the time of settlement, which may occur at the maturity of the derivative instrument or at the time of the repayment or refinancing of the underlying debt instrument.

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

Recurring Fair Value Measurements

Derivatives

In order to manage our interest rate and foreign currency exchange risk, we have entered into various derivative instruments, as further described in note 4. The recurring fair value measurements of these derivative instruments are determined using discounted cash flow models. 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 derivative instruments. This observable data mostly includes 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 incorporate a credit risk valuation adjustment in our fair value measurements to estimate the impact of both our own nonperformance risk and the nonperformance risk of our counterparties. Our 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 changes in our or our counterparties' credit spreads to have a significant impact on the valuations of these instruments, we have determined that these valuations fall under Level 2 of the fair value hierarchy. Our credit risk valuation adjustments with respect to our interest rate and cross-currency derivative contracts are quantified and further explained in note 4. Due to the lack of Level 2 inputs for the valuation of the Sable Currency Swaps held by Sable, we believe this valuation falls under Level 3 of the fair value hierarchy. The Sable Currency Swaps, which were settled during the first quarter of 2021, were our only Level 3 financial instruments. The fair value of the Sable Currency Swaps at December 31, 2020 was $1 million, which is included in other assets, net, in our condensed consolidated balance sheet. The change in the fair value of the Sable Currency Swaps resulted in net gains (losses) of ($1 million) and $10 million during the three months ended March 31, 2021 and 2020, respectively, which are reflected in realized and unrealized gains (losses) on derivative instruments, net, in our condensed consolidated statements of operations.

Nonrecurring Fair Value Measurements

Fair value measurements are also used for purposes of nonrecurring valuations performed in connection with acquisition accounting and impairment assessments.

Acquisition Accounting

The nonrecurring valuations associated with acquisition accounting, which use significant unobservable inputs and therefore fall under Level 3 of the fair value hierarchy, primarily include the valuation of customer relationships and property and equipment, as further described below:

- *Property and equipment*. The valuation of property and equipment may use an indirect cost approach, which utilizes trends based on historical cost information, or a combination of indirect cost approach, market approach and direct replacement cost method, which considers factors such as current prices of the same or similar equipment, the age of the equipment and economic obsolescence.

- *Customer relationships.* 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 for customer relationship intangible assets requires us to estimate the specific cash flows expected from the acquired customer relationships, considering such factors as estimated customer life, the revenue expected to be generated over the life of the customer relationships, contributory asset charges and other factors.

We did not perform any significant nonrecurring fair value measurements related to acquisition or impairment assessments during the three months ended March 31, 2021. In March 2020, we performed a nonrecurring valuation related to final acquisition accounting for the UTS Acquisition. The weighted average discount rate used in the valuation of the customer relationships acquired was approximately 13.5%.

(6) Long-lived Assets

Goodwill

Changes in the carrying amount of our goodwill are set forth below (in millions):

Balance at January 1, 2021	$ 3,729.1
Foreign currency translation adjustments	(33.5)
Balance at March 31, 2021	$ 3,695.6

Based on the results of our prior-year goodwill impairment test, if, among other factors, (i) Liberty Latin America's equity values were to decline significantly, (ii) our enterprise value were to decline, or (iii) the adverse impacts stemming from COVID-19, competition, economic, regulatory or other factors, including macro-economic and demographic trends, cause our results of operations or cash flows to be worse than currently anticipated, we could conclude in future periods that additional impairment charges of certain reporting units are required in order to reduce the carrying values of goodwill. Any such impairment charges could be significant.

Our accumulated goodwill impairments were $1,503 million at each of March 31, 2021 and December 31, 2020.

Property and Equipment, Net

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

	March 31, 2021	December 31, 2020
	in millions	
Distribution systems	$ 3,080.4	$ 2,909.4
CPE	557.9	562.4
Support equipment, buildings and land	1,063.1	987.5
	4,701.4	4,459.3
Accumulated depreciation	(1,952.0)	(1,649.3)
Net carrying amount	$ 2,749.4	$ 2,810.0

During the three months ended March 31, 2021 and 2020, we recorded non-cash increases to our property and equipment related to vendor financing arrangements aggregating $12 million and $22 million, respectively.

Intangible Assets Subject to Amortization, Net

The details of our intangible assets subject to amortization and the related accumulated amortization are set forth below:

	March 31, 2021	December 31, 2020
	in millions	
Customer relationships	$ 1,271.7	$ 1,275.5
Licenses	154.9	156.0
	1,426.6	1,431.5
Accumulated amortization	(767.6)	(726.6)
Net carrying amount	$ 659.0	$ 704.9

(7) Debt and Finance Lease Obligations

The U.S. dollar equivalents of the components of our third-party debt are as follows:

	March 31, 2021						
		Unused borrowing capacity (b)		Estimated fair value (c)		Principal amount	
	Weighted average interest rate (a)	Borrowing currency	US $ equivalent	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
				in millions			
C&W Notes	6.74 %	$ —	$ —	$ 2,409.9	$ 2,435.8	$ 2,270.0	$ 2,270.0
C&W Credit Facilities	2.78 %	(d)	774.6	1,832.2	1,834.7	1,854.1	1,856.2
Vendor financing (e)	2.83 %	—	—	69.8	66.1	69.8	66.1
Total third-party debt before premiums, discounts and deferred financing costs	4.92 %		$ 774.6	$ 4,311.9	$ 4,336.6	$ 4,193.9	$ 4,192.3

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

	March 31, 2021	December 31, 2020
	in millions	
Total third-party debt before premiums, discounts and deferred financing costs	$ 4,193.9	$ 4,192.3
Premiums, discounts and deferred financing costs, net	(28.9)	(28.2)
Total carrying amount of third-party debt	4,165.0	4,164.1
Finance lease obligations	1.2	1.7
Total third-party debt and finance lease obligations	4,166.2	4,165.8
Related-party debt	100.0	100.0
Total debt and finance lease obligations	4,266.2	4,265.8
Less: Current maturities of debt and finance lease obligations	(164.5)	(161.5)
Long-term debt and finance lease obligations	$ 4,101.7	$ 4,104.3

(a) Represents the weighted average interest rate in effect at March 31, 2021 for all borrowings outstanding pursuant to each debt instrument, including any applicable margin. The interest rates presented represent stated rates and do not include the impact of derivative instruments, deferred financing costs, original issue premiums or discounts and commitment fees, all of which affect our overall cost of borrowing.

(b) Unused borrowing capacity under the C&W Credit Facilities includes $630 million under the C&W Revolving Credit Facility, which represents the maximum availability without regard to covenant compliance calculations or other conditions precedent to borrowing. At March 31, 2021, the full amount of unused borrowing capacity under the C&W Credit Facilities was available to be borrowed, both before and after completion of the March 31, 2021 compliance reporting requirements.

(c) The estimated fair values of our debt instruments are 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 5.

(d) The C&W Credit Facilities unused borrowing capacity comprise certain U.S. dollar and Trinidad & Tobago dollar revolving credit facilities.

(e) Represents amounts owed pursuant to interest-bearing vendor financing arrangements that are used to finance certain of our operating expenses and property and equipment additions. These obligations are generally due within one year and include VAT that were paid on our behalf by the vendor. Our operating expenses include $10 million and $19 million for the three months ended March 31, 2021 and 2020, respectively, that were financed by an intermediary and are reflected on the borrowing date 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 condensed consolidated statements of cash flows. Repayments of vendor financing obligations are included in payments of principal amounts of debt and finance lease obligations in our condensed consolidated statements of cash flows.

Maturities of Debt

Maturities of our debt as of March 31, 2021 are presented below. Amounts presented below represent U.S. dollar equivalents based on March 31, 2021 exchange rates:

	Third-party	Related-party	Total
		in millions	
Years ending December 31:			
2021 (remainder of year)	$ 48.9	$ 100.0	$ 148.9
2022	29.2	—	29.2
2023	124.6	—	124.6
2024	61.3	—	61.3
2025	144.6	—	144.6
2026	500.6	—	500.6
Thereafter	3,284.7	—	3,284.7
Total debt maturities	4,193.9	100.0	4,293.9
Premiums, discounts and deferred financing costs, net	(28.9)	—	(28.9)
Total debt	$ 4,165.0	$ 100.0	$ 4,265.0
Current portion	$ 63.3	$ 100.0	$ 163.3
Noncurrent portion	$ 4,101.7	$ —	$ 4,101.7

(8) Leases

The following table provides details of our operating lease expense:

	Three months ended March 31,	
	2021	2020
	in millions	
Operating lease expense:		
Operating lease cost	$ 7.8	$ 8.7
Short-term lease cost	3.2	2.5
Total operating lease expense	$ 11.0	$ 11.2

Our operating lease expense is included in facility, provision, franchise and other expense, in other operating costs and expenses, in our condensed consolidated statements of operations.

Certain other details of our operating leases are set forth below:

	March 31, 2021	December 31, 2020
	in millions	
Operating lease right-of-use assets	$ 106.6	$ 105.9
Operating lease liabilities:		
Current	$ 23.0	$ 23.7
Noncurrent	84.9	86.3
Total operating lease liabilities	$ 107.9	$ 110.0
Weighted-average remaining lease term	6.6 years	6.8 years
Weighted-average discount rate	6.4 %	6.6 %

	Three months ended March 31,	
	2021	2020
	in millions	
Operating cash flows from operating leases	$ 6.7	$ 7.4
Right-of-use assets obtained in exchange for new operating lease liabilities (a)	$ 7.9	$ 16.3

(a) Represents non-cash transactions associated with operating leases entered into during the three months ended March 31, 2021 and 2020, respectively.

Our operating lease right-of-use assets are included in other assets, net, and our current and noncurrent operating lease liabilities are included in other accrued and current liabilities and other long-term liabilities, respectively, in our condensed consolidated balance sheets.

Maturities of Operating Leases

Maturities of our operating lease liabilities as of March 31, 2021 are presented below. Amounts presented below represent U.S. dollar equivalents (in millions) based on March 31, 2021 exchange rates.

Years ending December 31:	
2021 (remainder of year)	$ 21.7
2022	24.1
2023	19.3
2024	16.0
2025	12.3
2026	10.1
Thereafter	30.5
Total operating lease liabilities on an undiscounted basis	134.0
Amount representing interest	(26.1)
Present value of operating lease liabilities	$ 107.9

(9) Unfulfilled Performance Obligations

We enter into certain long-term capacity contracts with customers where the customer either pays a fixed fee over time or prepays for the capacity upfront and pays a portion related to operating and maintenance of the network over time. We assess whether prepaid capacity contracts contain a significant financing component. If the financing component is significant, interest expense is accreted over the life of the contract using the effective interest method. The revenue associated with prepaid capacity contracts is deferred and generally recognized on a straight-line basis over the life of the contract. As of March 31, 2021, we have approximately $385 million of unfulfilled performance obligations relating to our long-term capacity contracts, primarily subsea contracts, that generally will be recognized as revenue over a weighted average remaining life of six years.

(10) Related-party Transactions

General. We consider Liberty Latin America and its subsidiaries to be related parties.

Our related-party transactions are as follows:

	Three months ended March 31,	
	2021	2020
	in millions	
Revenue	$ 2.7	$ 2.0
Other operating costs and expenses	$ 5.0	$ 1.8
Share-based compensation expense	$ 6.9	$ 7.4
Related-party fees and allocations:		
Other operating costs and expenses	$ 4.2	$ 6.2
Share-based compensation	0.7	4.2
Management fee	0.4	0.6
Total related-party fees and allocations	$ 5.3	$ 11.0
Interest income	$ —	$ 3.5
Realized and unrealized gains (losses) on derivative instruments, net	$ 5.7	$ 3.9

Revenue. These amounts represent certain transactions with other subsidiaries of Liberty Latin America that arise in the normal course of business, which include fees for the use of our products and services and network and access charges.

Other operating costs and expenses. These amounts represent (i) our estimated share of costs charged to our company by Liberty Latin America or its subsidiaries, which are primarily related to corporate shared-service center costs, predominantly personnel costs, and (ii) insurance costs allocated to us by a subsidiary of Liberty Latin America. The premiums and charges are expected to be cash settled.

Share-based compensation expense. These amounts represent share-based compensation expense that Liberty Latin America charged to our company with respect to share-based incentive awards held by certain of our employees. These charges, which are cash settled, are included in other accrued and current liabilities in our condensed consolidated balance sheets. These amounts include estimated bonus-related expenses that will be paid in the form of Liberty Latin America equity.

Related-party fees and allocations. These amounts represent fees charged to our company by Liberty Latin America and are expected to be cash settled. Although we believe the related-party fees and allocations described below are reasonable, no assurance can be given that the related-party costs and expenses reflected in our condensed consolidated statements of operations are reflective of the costs that we would incur on a standalone basis. The categories of our fees and allocations are as follows:

- *Other operating costs and expenses.* The amounts included in this category represent our estimated share of certain centralized technology, management, marketing, finance and other operating expenses of Liberty Latin America's operations whose activities benefit multiple operations, including operations within and outside of our company, net of certain fees and allocations associated with services performed by certain of our employees on behalf of other subsidiaries of Liberty Latin America. The amounts allocated represent our estimated share of the actual costs incurred by the operations of Liberty Latin America, without a mark-up. Amounts in this category generally may be deducted to arrive at our "EBITDA" metric specified by our debt agreements (**Covenant EBITDA**).

- *Share-based compensation.* The amounts included in this category represent share-based compensation associated with employees of Liberty Latin America who are not employees of our company. The amounts allocated represent our estimated share of the actual costs incurred by the operations of Liberty Latin America, without a mark-up.

- *Management fee.* The amounts included in this category represent our estimated allocable share of the mark-up, if any, applicable to each category of the related-party fees and allocations charged to our company.

Interest income. The amount represents interest income on certain notes receivable from LGE Coral Holdco that were settled during the third quarter of 2020.

Realized and unrealized gains (losses) on derivative instruments, net. These amounts represent amortization of the premium associated with our Weather Derivative contract, underwritten by another subsidiary of Liberty Latin America, as further described below.

The following table provides details of our significant related-party balances:

	March 31, 2021	December 31, 2020
	in millions	
Assets:		
Trade receivables, net (a)	$ 6.0	$ 4.6
Other current assets (b)	13.6	13.0
Total current assets	$ 19.6	$ 17.6
Liabilities:		
Accounts payable (c)	$ 8.4	$ 6.7
Current portion of debt (d)	100.0	100.0
Other accrued and current liabilities (e)	54.8	58.7
Total current liabilities	163.2	165.4
Deferred revenue (f)	0.2	0.2
Total liabilities	$ 163.4	$ 165.6

(a) Represents non-interest bearing receivables due from other subsidiaries of Liberty Latin America.

(b) Represents non-interest bearing receivables due from Liberty Latin America related to fees and allocations associated with our estimate of costs for services performed by certain of our employees on behalf of other subsidiaries of Liberty Latin America.

(c) Primarily represents non-interest bearing payables due to (i) Liberty Latin America related to the charges included in fees and allocations, as noted above and (ii) other subsidiaries of Liberty Latin America for certain services provided.

(d) Represents a non-interest bearing loan payable to LiLAC Services due September 2021, which was used to fund the repayment of the outstanding balance on the C&W Revolving Credit Facility during the fourth quarter of 2020.

(e) Primarily represents amounts due to Liberty Latin America related to the charges noted above for fees and allocations, share-based compensation expense and other operating costs and expenses.

(f) Represents deferred revenue associated with certain indefeasible rights of use arrangements with another subsidiary of Liberty Latin America.

Captive Transfer. During the first quarter of 2020, we transferred our captive insurance operation to Liberty Latin America's corporate operations, effective January 1, 2020, in exchange for a $58 million principal amount note receivable that was subsequently settled in July 2020 through an in-kind equity distribution.

(11) Programming and Other Direct Costs of Services

Programming and other direct costs of services include programming and copyright costs, interconnect and access costs, costs of mobile handsets and other devices, and other direct costs related to our operations.

Our programming and other direct costs of services by major category are set forth below.

	Three months ended March 31,	
	2021	2020
	in millions	
Programming and copyright	$ 27.4	$ 29.0
Interconnect	46.9	54.3
Equipment and other	33.8	38.8
Total programming and other direct costs of services	$ 108.1	$ 122.1

(12) Other Operating Costs and Expenses

Other operating costs and expenses set forth in the table below comprise the following cost categories:

- **Personnel and contract labor-related** costs, which primarily include salary-related and cash bonus expenses, net of capitalizable labor costs, and temporary contract labor costs;
- **Network-related** expenses, which primarily include costs related to network access, system power, core network, CPE repair, maintenance and test costs;
- **Service-related** costs, which primarily include professional services, information technology-related services, audit, legal and other services;
- **Commercial**, which primarily includes sales and marketing costs, such as advertising, commissions and other sales and marketing-related costs, and customer care costs related to outsourced call centers;
- **Facility, provision, franchise and other**, which primarily includes facility-related costs, provision for bad debt expense, franchise-related fees, bank fees, insurance, travel and entertainment and other operating-related costs; and
- **Share-based compensation** expense that relates to Liberty Latin America share-based incentive awards held by certain of our employees, as further described in note 10.

Our other operating costs and expenses by major category are set forth below.

	Three months ended March 31,	
	2021	2020
	in millions	
Personnel and contract labor	$ 81.5	$ 87.9
Network-related	46.6	46.4
Service-related	21.6	23.3
Commercial	16.3	18.9
Facility, provision, franchise and other	50.5	57.2
Share-based compensation expense	6.9	7.4
Total other operating costs and expenses	$ 223.4	$ 241.1

(13) Income Taxes

We evaluate and update our estimated annual effective income tax rate on a quarterly basis based on current and forecasted operating results and tax laws. For interim tax reporting, we estimate an annual effective tax rate, which is applied to year-to-date ordinary income or loss. The tax effects of significant unusual or infrequently occurring items are excluded from the estimated annual effective tax rate calculation and recognized in the interim period in which they occur.

Our interim estimate of our annual effective tax rate and our interim tax provision are subject to volatility due to factors such as jurisdictions in which our deferred taxes and/or tax attributes are subject to a full valuation allowance, relative changes in unrecognized tax benefits and changes in tax laws. Based upon the mix and timing of our actual annual earnings or loss compared to annual projections, as well as changes in the factors noted above, our effective tax rate may vary quarterly and may make quarterly comparisons not meaningful.

Income tax expense was $7 million and $9 million during the three months ended March 31, 2021 and 2020, respectively. This represents an effective income tax rate of 9.3% and 6.4% for the three months ended March 31, 2021 and 2020, respectively, including items treated discretely.

For the three months ended March 31, 2021, the income tax expense attributable to our income before income taxes differs from the amount computed using the statutory tax rate, primarily due to the beneficial effects of international rate differences, net valuation allowance release and permanent items, such as non-taxable income. These beneficial effects were partially offset by negative effects of changes in uncertain tax positions, permanent items, such as non-deductible expenses, and inclusion of withholding taxes on cross-border payments.

For the three months ended March 31, 2020, the income tax expense attributable to our loss before income taxes differs from the amount computed using the statutory tax rate, primarily due to the negative effects of increases in valuation allowances, changes in uncertain tax positions and effects of permanent items, such as non-deductible expenses. These negative effects to our effective tax rate were partially offset by the beneficial effects of international rate differences and permanent items, such as non-taxable income.

(14) 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 purchases of customer premises and other equipment and services, network and connectivity commitments, programming contracts, and other items. The following table sets forth the U.S. dollar equivalents of such commitments as of March 31, 2021:

	Payments due during:							
	Remainder of 2021	2022	2023	2024	2025	2026	Thereafter	Total
	in millions							
Purchase commitments	$ 168.3	$ 20.5	$ 16.0	$ —	$ —	$ —	$ —	$ 204.8
Network and connectivity commitments	37.7	12.5	10.5	9.1	6.3	1.9	7.3	85.3
Programming commitments	19.8	7.5	1.0	0.2	0.1	—	—	28.6
Other commitments	5.3	0.1	0.1	—	—	—	—	5.5
Total (a)	$ 231.1	$ 40.6	$ 27.6	$ 9.3	$ 6.4	$ 1.9	$ 7.3	$ 324.2

(a) The commitments included in this table do not reflect any liabilities that are included in our March 31, 2021 condensed consolidated balance sheet.

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.

Network and connectivity commitments include our domestic network service agreements with certain other telecommunications companies.

Programming commitments consist of obligations associated with certain contracts including channels, programming and sports rights contracts with a wide range of providers 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. In addition, programming commitments do not include increases in future periods associated with contractual inflation or other price adjustments that are not fixed. Accordingly, the amounts reflected in the above table with respect to these contracts are significantly less than the amounts we expect to pay in these periods under these contracts. Historically, payments to programming vendors have represented a significant portion of our operating costs, and we expect that this will continue to be the case in future periods.

In addition to the commitments set forth in the table above, we have commitments under (i) derivative instruments and (ii) defined benefit plans and similar agreements, pursuant to which we expect to make payments in future periods. For information regarding our derivative instruments, including the net cash paid or received in connection with these instruments during the three months ended March 31, 2021 and 2020, see note 4.

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

Regulatory. The acquisition of C&W by Liberty Global plc (Liberty Latin America's parent company prior to a split-off of Liberty Latin America in December 2017) in 2016 triggered regulatory approval requirements in certain jurisdictions in which we operate. The regulatory authority in Trinidad and Tobago has not completed its review of the acquisition or granted its approval. While we expect to receive the outstanding approval, such approval may include binding conditions or requirements that could have an adverse impact on our operations and financial condition.

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

In addition to the foregoing items, we have contingent liabilities related to matters arising in the ordinary course of business, including (i) legal proceedings, (ii) issues involving wage, property, withholding and other tax issues and (iii) disputes over interconnection, programming and copyright 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.

(15) Revenue by Product

Our revenue by major category, set forth in the table below, includes the following categories:

- residential fixed subscription and residential mobile services revenue include amounts received from subscribers for ongoing fixed and airtime services, respectively;
- residential fixed non-subscription revenue primarily includes interconnect revenue;
- B2B service revenue primarily includes broadband internet, video, fixed-line telephony, mobile and managed services (including equipment installation contracts) offered to small (including small or home office), medium and large enterprises and, on a wholesale basis, other telecommunication operators; and
- B2B subsea network revenue includes long-term capacity contracts with customers where the customer either pays a fee over time or prepays for the capacity upfront and pays a portion related to operating and maintenance of the network over time.

	Three months ended March 31,	
	2021	2020
	in millions	
Residential revenue:		
Residential fixed revenue:		
Subscription revenue:		
Video	$ 40.5	$ 44.9
Broadband internet	77.3	71.0
Fixed-line telephony	20.8	24.3
Total subscription revenue	138.6	140.2
Non-subscription revenue	13.2	16.9
Total residential fixed revenue	151.8	157.1
Residential mobile revenue:		
Service revenue	111.1	123.0
Interconnect, inbound roaming, equipment sales and other (a)	21.7	25.5
Total residential mobile revenue	132.8	148.5
Total residential revenue	284.6	305.6
B2B revenue:		
Service revenue (b)	198.9	213.4
Subsea network revenue	66.4	69.6
Total B2B revenue	265.3	283.0
Total	$ 549.9	$ 588.6

(a) These amounts include revenue from (i) inbound roaming of $5 million and $8 million during the three months ended March 31, 2021 and 2020, respectively, and (ii) sales of mobile handsets and other devices of $6 million and $8 million during the three months ended March 31, 2021 and 2020, respectively.

(b) These amounts also include revenue from sales of mobile handsets and other devices of $3 million for each of the three months ended March 31, 2021 and 2020.

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

See the Glossary of defined terms at the beginning of this report.

The following discussion and analysis, which should be read in conjunction with our 2020 Annual Report and the condensed consolidated financial statements and accompanying notes included herein, is intended to assist in providing an understanding of our results of operations, financial condition and changes in financial condition and is organized as follows:

- *Forward-looking Statements.* This section provides a description of certain factors that could cause actual results or events to differ materially from anticipated results or events.

- *Overview.* This section provides a general description of our business and recent events.

- *Material Changes in Results of Operations.* This section provides an analysis of our results of operations for the three months ended March 31, 2021 and 2020.

- *Material Changes in Financial Condition.* This section provides an analysis of our parent and subsidiary liquidity, condensed consolidated statements of cash flows and contractual commitments.

Unless otherwise indicated, convenience translations into U.S. dollars are calculated, and operational data (including subscriber statistics) are presented, as of March 31, 2021.

Forward-looking Statements

Certain statements in this report constitute forward-looking statements. To the extent that statements in this report are not recitations of historical fact, such statements constitute forward-looking statements, which, by definition, involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. In particular, statements under *Management's Discussion and Analysis of Financial Condition and Results of Operations* may contain forward-looking statements, including statements regarding: our business, product, foreign currency and finance strategies; subscriber growth and retention rates; changes in competitive, regulatory and economic factors; anticipated changes in our revenue, expenses or growth rates; debt levels; our liquidity and our ability to access the liquidity of our subsidiaries; credit risks; internal control over financial reporting; foreign currency risks; interest rate risks; compliance with debt, financial and other covenants; our future projected contractual commitments and cash flows; the effects and potential impacts of COVID-19 on our business and results of operations; reductions in operating and capital costs; the remediation of material weaknesses; the outcome and impact of pending litigation; and other information and statements that are not historical fact. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. In evaluating these statements, you should consider the following list of some but not all of the factors that could cause actual results or events to differ materially from anticipated results or events:

- economic and business conditions and industry trends in the countries in which we operate;

- the competitive environment in the industries in the countries in which we operate, including competitor responses to our products and services;

- fluctuations in currency exchange rates, inflation rates and interest rates;

- our relationships with third-party programming providers and broadcasters and the ability to acquire programming;

- our relationships with suppliers and licensors and the ability to maintain equipment, software and certain services;

- instability in global financial markets, including sovereign debt issues and related fiscal reforms;

- our ability to obtain additional financing and generate sufficient cash to meet our debt obligations;

- the impact of restrictions contained in certain of our subsidiaries' debt instruments;

- consumer disposable income and spending levels, including the availability and amount of individual consumer debt;

- changes in consumer viewing preferences and habits, including on mobile devices that function on various operating systems and specifications, limited bandwidth, and different processing power and screen sizes;
- customer acceptance of our existing service offerings, including our video, broadband internet, fixed-line telephony, mobile and business service offerings, and of new technology, programming alternatives and other products and services that we may offer in the future;
- our ability to manage rapid technological changes;
- the impact of 5G and wireless technologies on broadband internet;
- our ability to maintain or increase the number of subscriptions to our video, broadband internet, fixed-line telephony and mobile service offerings and our average revenue per household and mobile subscriber;
- our ability to provide satisfactory customer service, including support for new and evolving products and services;
- our ability to maintain or increase rates to our subscribers or to pass through increased costs to our subscribers;
- the impact of our future financial performance, or market conditions generally, on the availability, terms and deployment of capital;
- changes in, or failure or inability to comply with, government regulations in the countries in which we operate and adverse outcomes from regulatory proceedings;
- government intervention that requires opening our broadband distribution networks to competitors;
- our ability to renew necessary regulatory licenses, concessions or other operating agreements and to otherwise acquire future spectrum or other licenses that we need to offer new mobile data or other technologies or services;
- our ability to obtain regulatory approval and satisfy other conditions necessary to close acquisitions and dispositions, and the impact of conditions imposed by competition and other regulatory authorities in connection with acquisitions;
- our ability to successfully acquire new businesses and, if acquired, to integrate, realize anticipated efficiencies from and implement our business plan with respect to the businesses we have acquired or that we expect to acquire;
- changes in laws or treaties relating to taxation, or the interpretation thereof, in the U.K. or in other countries in which we operate and the results of any tax audits or tax disputes;
- changes in laws and government regulations that may impact the availability and cost of capital and the derivative instruments that hedge certain of our financial risks;
- the ability of suppliers and vendors, including third-party channel providers and broadcasters, to timely deliver quality products, equipment, software, services and access;
- the availability of attractive programming for our video services and the costs associated with such programming, including retransmission and copyright fees payable to public and private broadcasters;
- uncertainties inherent in the development and integration of new business lines and business strategies;
- our ability to adequately forecast and plan future network requirements, including the costs and benefits associated with our network extension and upgrade programs;
- the availability of capital for the acquisition and/or development of telecommunications networks and services, including property and equipment additions;
- problems we may discover post-closing with the operations, including the internal controls and financial reporting process, of businesses we acquire;
- the effect of any of the identified material weaknesses in our internal control over financial reporting;
- piracy, targeted vandalism against our networks and cybersecurity threats or other security breaches, including the leakage of sensitive customer data, which could harm our business or reputation;

- the outcome of any pending or threatened litigation;
- the loss of key employees and the availability of qualified personnel;
- the effect of any strikes, work stoppages or other industrial actions that could affect our operations;
- changes in the nature of key strategic relationships, including with unions, partners and joint venturers;
- our ability to realize the full value of our intangible assets;
- changes in and compliance with applicable data privacy laws, rules, and regulations;
- our ability to recoup insurance reimbursements and settlements from third-party providers;
- our ability to comply with economic and trade sanctions laws, such as the U.S. Treasury Department's Office of Foreign Assets Control; and
- events that are outside of our control, such as political conditions and unrest in international markets, terrorist attacks, malicious human acts, hurricanes, volcanoes and other natural disasters, pandemics, including the COVID-19 pandemic, and other similar events.

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

Overview

General

We are a subsidiary of Liberty Latin America that provides mobile, broadband internet, fixed-line telephony and video services to residential and business customers and managed services to business and government customers. We provide (i) residential and B2B communications services in over 20 countries, primarily in Latin America and the Caribbean, (ii) B2B services in certain other countries in Latin America and the Caribbean and (iii) wholesale communication services over our subsea and terrestrial fiber optic cable networks that connect over 40 markets in the region. Our primary markets include Panama, Jamaica, the Bahamas, Barbados, Trinidad and Tobago and Curacao.

Internal Controls and Procedures

As disclosed in our 2020 Annual Report, we identified material weaknesses in our internal control over financial reporting. The material weaknesses will not be considered remediated until the applicable new or enhanced controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. As remediation has not yet been completed, these material weaknesses continue to exist in our internal control over financial reporting as of March 31, 2021.

Management's Remediation Plans

Management is continuing to implement the remediation plans as disclosed in our 2020 Annual Report. We believe that these actions and the improvements we expect to achieve, when fully implemented, will strengthen our internal control over financial reporting and remediate the material weaknesses identified.

Operations

At March 31, 2021, we (i) served 3,211,600 mobile subscribers and (ii) owned and operated fixed networks that passed 2,255,300 homes and served 2,026,400 RGUs, comprising 849,800 broadband internet subscribers, 731,600 fixed-line telephony subscribers and 445,000 video subscribers.

COVID-19

In December 2019, COVID-19 was reported in Wuhan, China. On March 11, 2020, the World Health Organization declared the outbreak a "pandemic," pointing to the sustained risk of further global spread. To date, confirmed cases of COVID-19 have been experienced in each of the markets in which we operate. COVID-19 negatively impacted our operations during 2020 and has continued into the three months ended March 31, 2021, due to resulting lockdowns, moratoriums, cancellation of live sporting events, and mobility, travel and tourism restrictions across many of the markets in which we operate. These factors collectively resulted in negative impacts to revenue, particularly within our B2B and mobile operations. The extent to which COVID-19 continues to impact our operational and financial performance will depend on certain developments, which include, among other factors:

- the duration and spread of the outbreak;
- the ability of governments and medical professionals in our markets to respond further to the outbreak, including securing access to a vaccine and vaccinating citizens;
- the actions by governments to require the extension of services for individuals regardless of payment status;
- the impact of changes to, or new, government regulations imposed in response to the pandemic, including laws and moratoriums;
- the impact on our customers and our sales cycles;
- the impact on actual and expected customer receivable collection patterns;
- the impact on our employees, including that from labor shortages or work from home initiatives;
- the impacts on foreign currency and interest rate fluctuations; and
- the effect on our vendors and adverse impacts on our supply chain thereby impacting our customers' ability to use our services.

Given the impacts of COVID-19 continue to evolve, the extent to which COVID-19 may further impact our financial condition or results of operations continues to be uncertain and cannot be predicted at this time. The heightened volatility of global markets resulting from COVID-19 further expose us to risks and uncertainties.

As COVID-19 continues to spread, we have taken, and expect to continue to take, a variety of measures to promote the safety and security of our employees, and ensure the availability of our communication services.

Material Changes in Results of Operations

For convenience, we have aligned our results of operations discussion below to that of Liberty Latin America whereby we separately discuss activity, as applicable, relating to CWP and C&W Caribbean and Networks. The results for CWP and C&W Caribbean and Networks include intercompany activity that eliminates in consolidation.

The comparability of our operating results during 2021 and 2020 is affected by an acquisition and FX. As we use the term, "**organic**" changes exclude FX and the impact of the acquisition, each as further discussed below.

In the following discussion, we quantify the estimated impact on our operating results of the periods under comparison that is attributable to an acquisition. We acquired a small B2B operation in the Cayman Islands in July 2020. With respect to acquisitions, organic changes and the calculations of our organic change percentages exclude the operating results of an acquired entity during the first 12 months following the date of acquisition.

Changes in foreign currency exchange rates may have a significant impact on our operating results as certain subsidiaries have functional currencies other than the U.S. dollar. Our primary exposure to FX risk is to the JMD, the Trinidad and Tobago dollar and the COP. In addition, our operating results are impacted by changes in the exchange rates for other local currencies in Latin America and the Caribbean. The impacts to the various components of our results of operations that are attributable to changes in FX are highlighted below.

The amounts presented and discussed below represent 100% of the revenue and expenses of each subsidiary and our corporate operations. As we have the ability to control certain subsidiaries that are not wholly-owned, we include 100% of the revenue and expenses of these entities in our condensed consolidated statements of operations despite the fact that third parties own significant interests in these entities. The noncontrolling owners' interests in the operating results of certain subsidiaries are reflected in net earnings or loss attributable to noncontrolling interests in our condensed consolidated statements of operations.

On January 1, 2020, our captive insurance operation was transferred to Liberty Latin America's corporate operations. This transfer did not have a significant impact on our financial results.

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 subsidiaries (non-functional currency expenses). Any cost increases that we are not able to pass on to our subscribers would result in increased pressure on our operating margins.

Revenue

We derive our revenue primarily from (i) residential fixed services, including video, broadband internet, and fixed-line telephony, (ii) residential mobile services and (iii) B2B services, which includes C&W Caribbean and Networks' wholesale communication services over its subsea and terrestrial fiber optic cable networks.

While not specifically discussed in the below explanations of the changes in revenue, we are experiencing significant competition in all of our markets. This competition has an adverse impact on our ability to increase or maintain our RGUs and/or ARPU.

Variances in the subscription revenue that we receive from our customers are a function of (i) changes in the number of RGUs or mobile subscribers during the period and (ii) changes in ARPU. Changes in ARPU can be attributable to (i) changes in prices, (ii) changes in bundling or promotional discounts, (iii) changes in the tier of services selected, (iv) variances in subscriber usage patterns and (v) the overall mix of fixed and mobile products during the period. In the following discussion, we discuss ARPU changes in terms of the net impact of the above factors on the ARPU that is derived from our video, broadband internet, fixed-line telephony and mobile products.

For the comparisons below, revenue variances, including changes in ARPU, were also influenced by the impacts of COVID-19, as further discussed below and in the *Overview* above.

Our consolidated revenue is set forth below:

	Three months ended March 31,		Decrease	
	2021	**2020**	**$**	**%**
	in millions, except percentages			
C&W Caribbean and Networks	$ 429.8	$ 452.0	$ (22.2)	(5)
CWP	122.0	138.3	(16.3)	(12)
Intercompany eliminations	(1.9)	(1.7)	(0.2)	N.M.
Total	$ 549.9	$ 588.6	$ (38.7)	(7)

N.M. — Not Meaningful.

Consolidated. The decrease during the three months ended March 31, 2021 as compared to the corresponding period in 2020 includes (i) an increase of $2 million associated with the impact of an acquisition and (ii) a decrease of $7 million attributable to FX. Excluding the effects of an acquisition and FX, revenue decreased $33 million or 6%. The organic decrease primarily includes decreases of $17 million and $16 million at C&W Caribbean and Networks and CWP, respectively, as further discussed below.

C&W Caribbean and Networks. C&W Caribbean and Networks' revenue by major category is set forth below:

	Three months ended March 31,		Increase (decrease)	
	2021	2020	$	%
	in millions, except percentages			
Residential revenue:				
Residential fixed revenue:				
Subscription revenue:				
Video	$ 34.3	$ 37.3	$ (3.0)	(8)
Broadband internet	66.6	61.4	5.2	8
Fixed-line telephony	16.5	19.3	(2.8)	(15)
Total subscription revenue	117.4	118.0	(0.6)	(1)
Non-subscription revenue	10.7	13.1	(2.4)	(18)
Total residential fixed revenue	128.1	131.1	(3.0)	(2)
Residential mobile revenue:				
Service revenue	71.8	78.8	(7.0)	(9)
Interconnect, inbound roaming, equipment sales and other (a)	11.4	13.7	(2.3)	(17)
Total residential mobile revenue	83.2	92.5	(9.3)	(10)
Total residential revenue	211.3	223.6	(12.3)	(6)
B2B revenue:				
Service revenue	150.8	157.7	(6.9)	(4)
Subsea network revenue	67.7	70.7	(3.0)	(4)
Total B2B revenue	218.5	228.4	(9.9)	(4)
Total	$ 429.8	$ 452.0	$ (22.2)	(5)

(a) Revenue from inbound roaming was $5 million and $7 million, respectively.

The details of the changes in C&W Caribbean and Networks' revenue during the three months ended March 31, 2021, as compared to the corresponding period in 2020, are set forth below (in millions):

Increase (decrease) in residential fixed subscription revenue due to change in:	
Average number of RGUs (a)	$ 7.8
ARPU (b)	(6.1)
Decrease in residential fixed non-subscription revenue (c)	(2.1)
Total decrease in residential fixed revenue	(0.4)
Decrease in residential mobile service revenue (d)	(5.3)
Decrease in residential mobile interconnect, inbound roaming, equipment sales and other (e)	(2.1)
Decrease in B2B service revenue (f)	(5.8)
Decrease in B2B subsea network revenue (g)	(3.3)
Total organic decrease	(16.9)
Impact of an acquisition	2.0
Impact of FX	(7.3)
Total	$ (22.2)

(a) The increase is primarily attributable to higher average broadband internet RGUs, which is partially attributable to an increase in telecommuting during COVID-19 due to work-from-home mandates.

(b) The decrease is primarily due to lower ARPU from fixed-line telephony and video services.

(c) The decrease is primarily attributable to lower volumes of interconnect revenue across most markets.

(d) The decrease is due to (i) lower average numbers of mobile subscribers as a result of COVID-19 impacts, and (ii) lower ARPU from mobile services as COVID-19 lockdowns and travel restrictions reduced (a) outbound roaming activity and (b) demand for mobile services.

(e) The decrease is primarily attributable to the net effect of (i) an organic decrease in inbound roaming fees, primarily related to travel restrictions associated with COVID-19, (ii) an increase in interconnect revenue and (iii) lower volumes of handset sales due to the temporary closure or reduced hours of physical stores, as a result of COVID-19-related lockdowns.

(f) The decrease is primarily due to (i) lower revenues from mobile and fixed services partially due to reduced or suspended service across our markets as a result of the COVID-19 lockdowns, and (ii) lower wholesale call volumes.

(g) The decrease is primarily attributable to the net effect of (i) a decrease related to $10 million recognized on a cash basis during the three months ended March 31, 2020 for services provided to a significant customer, (ii) a $6 million increase associated with the renegotiation of a customer contract during the three months ended March 31, 2021, and (iii) an increase associated with continued demand for telecommunications capacity on our subsea network during COVID-19.

CWP. CWP's revenue by major category is set forth below:

	Three months ended March 31,		Increase (decrease)	
	2021	2020	$	%
	in millions, except percentages			
Residential revenue:				
Residential fixed revenue:				
Subscription revenue:				
Video	$ 6.2	$ 7.6	$ (1.4)	(18)
Broadband internet	10.7	9.6	1.1	11
Fixed-line telephony	4.3	5.0	(0.7)	(14)
Total subscription revenue	21.2	22.2	(1.0)	(5)
Non-subscription revenue	2.5	3.8	(1.3)	(34)
Total residential fixed revenue	23.7	26.0	(2.3)	(9)
Residential mobile revenue:				
Service revenue	39.3	44.2	(4.9)	(11)
Interconnect, inbound roaming, equipment sales and other (a)	10.3	11.8	(1.5)	(13)
Total residential mobile revenue	49.6	56.0	(6.4)	(11)
Total residential revenue	73.3	82.0	(8.7)	(11)
B2B service revenue	48.7	56.3	(7.6)	(13)
Total	$ 122.0	$ 138.3	$ (16.3)	(12)

The details of the changes in CWP*'s* revenue during the three months ended March 31, 2021, as compared to the corresponding period in 2020, are set forth below (in millions):

Increase (decrease) in residential fixed subscription revenue due to change in:	
Average number of RGUs (a)	$ 1.3
ARPU (b)	(2.3)
Decrease in residential fixed non-subscription revenue (c)	(1.3)
Total decrease in residential fixed revenue	(2.3)
Decrease in residential mobile service revenue (d)	(4.9)
Decrease in residential mobile interconnect, inbound roaming, equipment sales and other (e)	(1.5)
Decrease in B2B service revenue (f)	(7.6)
Total organic decrease	$ (16.3)

(a) The increase is primarily attributable to higher average broadband internet RGUs, partially attributable to an increase in telecommuting during COVID-19 due to work-from-home mandates.

(b) The decrease is primarily due to lower ARPU from fixed-line telephony and video services.

(c) The decrease is primarily attributable to a decrease in payphone revenue.

(d) The decrease is due to (i) lower ARPU from mobile services as a result of (a) COVID-19 lockdowns negatively impacting customers' ability to recharge handset devices and (b) increased competition and (ii) lower average numbers of mobile subscribers, primarily resulting from the impacts of COVID-19.

(e) The decrease is primarily attributable to lower volumes of handset sales, as COVID-19 related lockdowns negatively impacted customers' ability to purchase handsets.

(f) The decrease is primarily due to lower revenues from managed services, primarily driven by certain non-recurring projects that have been put on hold due to the economic uncertainty of the impact of COVID-19.

Programming and other direct costs of services

Programming and other direct costs of services include programming and copyright costs, interconnect and access costs, costs of mobile handsets and other devices, and other direct costs related to our operations. Programming and copyright costs, which represent a significant portion of our operating costs, may increase in future periods as a result of (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, (ii) rate increases or (iii) growth in the number of our video subscribers.

Consolidated. The following table sets forth the organic and non-organic changes in programming and other direct costs of services on a consolidated basis.

	Three months ended March 31,			Increase (decrease) from:		
	2021	2020	Decrease	FX	An acquisition	Organic
			in millions			
Programming and copyright	$ 27.4	$ 29.0	$ (1.6)	$ (0.5)	$ —	$ (1.1)
Interconnect (a)	46.9	54.3	(7.4)	(1.7)	—	(5.7)
Equipment and other (a)	33.8	38.8	(5.0)	(0.2)	0.9	(5.7)
Total programming and other direct costs of services	$ 108.1	$ 122.1	$ (14.0)	$ (2.4)	$ 0.9	$ (12.5)

(a) Amounts are net of intercompany cost eliminations between the C&W Caribbean and Networks operations and CWP.

C&W Caribbean and Networks. The following table sets forth the organic and non-organic changes in programming and other direct costs of services for C&W Caribbean and Networks.

	Three months ended March 31,			Increase (decrease) from:		
	2021	2020	Increase (decrease)	FX	An acquisition	Organic
			in millions			
Programming and copyright	$ 23.7	$ 24.8	$ (1.1)	$ (0.5)	$ —	$ (0.6)
Interconnect	37.6	44.6	(7.0)	(1.7)	—	(5.3)
Equipment and other	16.6	16.5	0.1	(0.2)	0.9	(0.6)
Total programming and other direct costs of services	$ 77.9	$ 85.9	$ (8.0)	$ (2.4)	$ 0.9	$ (6.5)

- **Interconnect:** The organic decrease is primarily due to (i) lower wholesale call volumes and (ii) other individually insignificant decreases.

CWP. The following table sets forth the organic changes in programming and other direct costs of services for CWP.

	Three months ended March 31, 2021	Three months ended March 31, 2020	Organic decrease
	in millions		
Programming and copyright	$ 3.7	$ 4.2	$ (0.5)
Interconnect	9.9	10.4	(0.5)
Equipment and other	17.6	22.8	(5.2)
Total programming and other direct costs of services	$ 31.2	$ 37.4	$ (6.2)

- **Equipment and other:** The organic decrease is primarily due to (i) a decrease driven by certain non-recurring projects that have been put on hold due to the economic uncertainty of the impact of COVID-19 and (ii) lower volumes of mobile handset sales.

Other operating costs and expenses

Other operating costs and expenses set forth in the tables below comprise the following cost categories:

- **Personnel and contract labor-related** costs, which primarily include salary-related and cash bonus expenses, net of capitalizable labor costs, and temporary contract labor costs;
- **Network-related** expenses, which primarily include costs related to network access, system power, core network, CPE repair, maintenance and test costs;
- **Service-related** costs, which primarily include professional services, information technology-related services, audit, legal and other services;
- **Commercial**, which primarily includes sales and marketing costs, such as advertising, commissions and other sales and marketing-related costs, and customer care costs related to outsourced call centers;
- **Facility, provision, franchise and other**, which primarily includes facility-related costs, provision for bad debt expense, franchise-related fees, bank fees, insurance, travel and entertainment and other operating-related costs; and
- **Share-based compensation** expense that relates to Liberty Latin America share-based incentive awards held by certain of our employees, as further described in note 10.

Consolidated. The following table sets forth the organic and non-organic changes in other operating costs and expenses on a consolidated basis.

	Three months ended March 31,		Increase (decrease)	Increase (decrease) from:		
	2021	2020		FX	An acquisition	Organic
	in millions					
Personnel and contract labor	$ 81.5	$ 87.9	$ (6.4)	$ (0.8)	$ 0.7	$ (6.3)
Network-related (a)	46.6	46.4	0.2	(0.7)	—	0.9
Service-related	21.6	23.3	(1.7)	(0.1)	—	(1.6)
Commercial	16.3	18.9	(2.6)	(0.3)	—	(2.3)
Facility, provision, franchise and other	50.5	57.2	(6.7)	(0.5)	—	(6.2)
Share-based compensation expense	6.9	7.4	(0.5)	(0.1)	0.4	(0.8)
Total other operating costs and expenses	$ 223.4	$ 241.1	$ (17.7)	$ (2.5)	$ 1.1	$ (16.3)

(a) Amounts are net of intercompany cost eliminations between the C&W Caribbean and Networks operations and CWP.

C&W Caribbean and Networks. The following table sets forth the organic and non-organic changes in other operating costs and expenses for C&W Caribbean and Networks.

	Three months ended March 31,		Increase (decrease)	Increase (decrease) from:		
	2021	2020		FX	An acquisition	Organic
	in millions					
Personnel and contract labor	$ 64.3	$ 67.3	$ (3.0)	$ (0.9)	$ 0.7	$ (2.8)
Network-related	37.8	35.4	2.4	(0.6)	—	3.0
Service-related	17.7	18.9	(1.2)	(0.1)	—	(1.1)
Commercial	11.2	13.2	(2.0)	(0.4)	—	(1.6)
Facility, provision, franchise and other	39.6	44.3	(4.7)	(0.5)	—	(4.2)
Share-based compensation expense	6.2	6.9	(0.7)	—	0.4	(1.1)
Total other operating costs and expenses	$ 176.8	$ 186.0	$ (9.2)	$ (2.5)	$ 1.1	$ (7.8)

- **Personnel and contract labor:** The organic decrease is primarily due to lower salaries and other personnel costs, mainly associated with the benefit of certain ongoing restructuring activities.

- **Network-related:** The organic increase is primarily due to higher maintenance costs.

- **Commercial:** The organic decrease is primarily due to lower marketing and sales costs, largely due to reductions in promotional and sponsorship costs, as a result of certain adverse economic impacts caused by the COVID-19 pandemic across our markets.

- **Facility, provision, franchise and other costs:** The organic decrease is primarily due to (i) lower travel and entertainment costs due to the curtailment of such costs as a result of the impact of COVID-19 and (ii) lower bad debt provisions.

CWP. The following table sets forth the organic changes in other operating costs and expenses for CWP.

	Three months ended March 31,		Organic increase (decrease)
	2021	2020	
	in millions		
Personnel and contract labor	$ 17.2	$ 20.6	$ (3.4)
Network-related	9.8	11.5	(1.7)
Service-related	3.9	4.3	(0.4)
Commercial	5.1	5.7	(0.6)
Facility, provision, franchise and other	10.8	13.0	(2.2)
Share-based compensation expense	0.7	0.5	0.2
Total other operating costs and expenses	$ 47.5	$ 55.6	$ (8.1)

- **Personnel and contract labor:** The organic decrease is primarily due to lower salaries and other personnel costs, primarily associated with the benefit of certain ongoing restructuring activities.

- **Network-related:** The organic decrease is primarily due to lower maintenance costs.

- **Facility, provision, franchise and other costs:** The organic decrease is primarily due to lower bad debt provisions.

Related-party fees and allocations

We recorded related-party fees and allocations of $5 million and $11 million during the three months ended March 31, 2021 and 2020, respectively. These amounts include charges for services provided to our company by Liberty Latin America or subsidiaries of Liberty Latin America.

For additional information regarding our related-party fees and allocations, see note 10 to our condensed consolidated financial statements.

Depreciation and amortization

Our depreciation and amortization expense decreased $2 million or 1% during the three months ended March 31, 2021, as compared to the corresponding period in 2020. Excluding the net impacts of FX and an acquisition, depreciation and amortization expense was relatively unchanged, as property and equipment additions, primarily associated with the installation of CPE, the expansion and upgrade of our networks and other capital initiatives, and baseline-related additions were offset by decreases associated with certain assets becoming fully depreciated.

Impairment, restructuring and other operating items, net

We recognized impairment, restructuring and other operating items, net, of ($1 million) and $9 million during the three months ended March 31, 2020, respectively.

The 2021 amount primarily includes the net effect of (i) a credit to restructuring charges associated with the C&W Bahamas defined benefit pension plan as a result of an agreement executed with the Commonwealth of The Bahamas in the first quarter of 2021, (ii) employee severance and termination costs related to certain reorganization activities, predominantly at UTS and CWP, and (iii) impairment charges primarily related to obsolete inventory.

The 2020 amount primarily includes restructuring charges, which mostly comprise employee severance and termination costs related to certain reorganization activities, predominantly at UTS and the C&W Bahamas.

For additional information regarding our impairment charges, see notes 5 and 6 to our condensed consolidated financial statements.

Interest expense

Our interest expense decreased $8 million or 13% during the three months ended March 31, 2021, as compared to the corresponding period in 2020, primarily due to lower weighted-average interest rates and lower average outstanding debt balances.

For additional information regarding our outstanding indebtedness, see note 7 to our condensed 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 4 to our condensed consolidated financial statements, we use derivative instruments to manage our interest rate risks.

Interest income

We recognized interest income of $1 million and $4 million during the three months ended March 31, 2021 and 2020, respectively. The amounts primarily relate to (i) during 2020, interest on our loans receivable due from LGE Coral Holdco, which were settled during the third quarter of 2020, and (ii) cash and cash equivalents.

Realized and unrealized gains (losses) on derivative instruments, net

Our realized and unrealized gains or losses on derivative instruments primarily 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.

We recognized realized and unrealized gains (losses) on derivative instruments, net, of $85 million and ($95 million) during the three months ended March 31, 2021 and 2020, respectively.

The gain during the three months ended March 31, 2021 is primarily attributable to the net effect of (i) changes in interest rates and (ii) changes in FX rates. In addition, the gain during the 2021 period includes a net loss of $13 million resulting from changes in our credit risk valuation adjustments. The loss during the three months ended March 31, 2020 is primarily attributable to the net effect of (i) changes in interest rates and (ii) changes in FX rates. In addition, the loss during the 2020 period includes a net gain of $25 million resulting from changes in our credit risk valuation adjustments, which is primarily due to increased credit risk stemming from market reaction to the COVID-19 outbreak.

The realized and unrealized gains (losses) on derivative instruments, net, in our condensed consolidated statements of operations include charges of $6 million and $4 million for the three months ended March 31, 2021 and 2020, respectively, related to amortization of the premium associated with our Weather Derivative.

For additional information concerning our derivative instruments, see notes 4 and 5 to our condensed consolidated financial statements.

Foreign currency transaction losses, net

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

	Three months ended March 31,	
	2021	**2020**
	in millions	
Intercompany payables and receivables denominated in a currency other than the entity's functional currency	$ (17.3)	$ (20.3)
Cash denominated in a currency other than the entity's functional currency	(0.8)	(1.4)
Other	(0.8)	(9.8)
Total	$ (18.9)	$ (31.5)

Losses on debt extinguishment

We recognized losses on debt extinguishment of nil and $3 million during the three months ended March 31, 2021 and 2020, respectively. The loss during 2020 is attributable to the write-off of unamortized discounts and deferred financing costs associated with the repayment of the C&W Term Loan B-4 Facility.

Income tax expense

We recognized income tax expense of $7 million and $9 million during the three months ended March 31, 2021 and 2020, respectively.

The income tax expense during the three months ended March 31, 2021, differs from the expected income tax expense (based on the U.K. income tax rate of 19%) of $14 million, primarily due to the beneficial effects of international rate differences, net valuation allowance release and permanent items, such as non-taxable income. These beneficial effects were partially offset by negative effects of changes in uncertain tax positions, permanent items, such as non-deductible expenses, and inclusion of withholding taxes on cross-border payments.

The income tax expense during the three months ended March 31, 2020, differs from the expected income tax benefit (based on the U.K. income tax rate of 19%) of ($26 million), primarily due to the negative effects of increases in valuation allowances, changes in uncertain tax positions and effects of permanent items, such as non-deductible expenses. These negative effects to our effective tax rate were partially offset by the beneficial effects of international rate differences and permanent items, such as non-taxable income.

For additional information regarding our income taxes, see note 13 to our condensed consolidated financial statements.

Net earnings (loss)

The following table sets forth selected summary financial information of our net loss:

	Three months ended March 31,	
	2021	2020
	in millions	
Operating income	$ 68.0	$ 57.6
Net non-operating income (expenses)	$ 7.6	$ (192.7)
Income tax expense	$ (7.0)	$ (8.7)
Net earnings (loss)	$ 68.6	$ (143.8)

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

Subject to the limitations included in our various debt instruments, we expect to maintain our debt at current levels relative to Covenant EBITDA. As a result, we expect that we will continue to report significant levels of interest expense for the foreseeable future.

Net earnings or loss attributable to noncontrolling interests

We reported net earnings (loss) attributable to noncontrolling interests of $1 million and ($4 million) during the three months ended March 31, 2021 and 2020, respectively.

Material Changes in Financial Condition

Sources and Uses of Cash

Cash and cash equivalents

At March 31, 2021, we had cash and cash equivalents of $475 million, most of which was held by our subsidiaries. In addition, we had restricted cash of $17 million.

Liquidity of C&W

At the C&W parent level, our current sources of liquidity include loans or contributions from our parent, interest income received on our investments and, subject to certain tax and legal considerations, our unrestricted subsidiaries' cash and cash equivalents and investments. Our ability to access the liquidity of these and our other subsidiaries may be limited by tax and legal considerations, the presence of noncontrolling interests, foreign currency exchange restrictions and other factors.

The ongoing cash needs of C&W include (i) corporate general and administrative expenses and (ii) other liquidity needs that may arise from time to time. In addition, C&W may require cash in connection with (i) the funding of loans or distributions to our parent (and ultimately to Liberty Latin America or other Liberty Latin America subsidiaries), (ii) the satisfaction of contingent liabilities, (iii) acquisitions and other investment opportunities, (iv) the repurchase of debt securities or (v) any funding requirements of our consolidated subsidiaries. No assurance can be given that funding from Liberty Latin America or other Liberty Latin America subsidiaries, our subsidiaries or external sources would be available on favorable terms, or at all.

In addition, the amount of cash we receive from certain of our subsidiaries to satisfy U.S. dollar-denominated liquidity requirements is impacted by fluctuations in exchange rates. 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 U.S. dollar-denominated liquidity requirements.

From time to time, we or our respective affiliates may, to the extent permitted under applicable law, acquire or repay any third-party or related-party debt through open market purchases, privately negotiated transactions, tender offers, exchange offers, redemptions or otherwise, upon such terms and at such prices as we may determine (or as may be provided for in our respective indenture agreements).

Liquidity of our subsidiaries

In addition to cash and cash equivalents, the primary sources of liquidity of our subsidiaries are cash provided by operations and borrowing availability under the C&W Revolving Credit Facility and C&W Regional Facilities. For the details of our borrowing availability at March 31, 2021, see note 7 to our condensed consolidated financial statements. The aforementioned sources of liquidity may be supplemented in certain cases by contributions and/or loans from Liberty Latin America and its unrestricted subsidiaries. The liquidity of our subsidiaries generally is used to fund property and equipment additions, debt service requirements and income tax payments. From time to time, our subsidiaries may also require liquidity in connection with (i) acquisitions and other investment opportunities, (ii) loans to C&W and/or Liberty Latin America or other Liberty Latin America subsidiaries, (iii) capital distributions to C&W (and ultimately to Liberty Latin America) 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 subsidiaries on favorable terms, or at all. For information regarding our subsidiaries' commitments and contingencies, see note 14 to our condensed consolidated financial statements.

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

Capitalization

For the quarter ended March 31, 2021, our consolidated net leverage ratio was 4.5x, as specified in, and calculated in accordance with our credit agreements.

Our ability to service or refinance our debt and to maintain compliance with the leverage covenants in our credit agreements is dependent primarily on our ability to maintain Covenant EBITDA, 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 incurrence-based leverage covenants contained in our various debt instruments. For example, if our Covenant EBITDA were to decline, our ability to obtain additional debt could be limited. No assurance can be given that we would have sufficient sources of liquidity, or that any external funding would be available on favorable terms, or at all, to fund any such required repayment. At March 31, 2021, we were in compliance with our debt covenants. We do not anticipate any instances of non-compliance with respect to our debt covenants that would have a material adverse impact on our liquidity during the next 12 months.

At March 31, 2021, the outstanding principal amount of our third-party debt, together with our finance lease obligations, aggregated $4,195 million, including $65 million that is classified as current in our condensed consolidated balance sheet and $3,785 million that is not due until 2026 or thereafter. All of our debt and finance lease obligations have been borrowed or incurred by our subsidiaries at March 31, 2021. Included in the outstanding principal amount of our third-party debt at March 31, 2021 is $70 million of vendor financing, which we use to finance certain of our operating expenses and property and equipment additions. These obligations are generally due within one year, other than for certain licensing arrangements that generally are due over the term of the related license. For additional information concerning our debt, including our debt maturities, see note 7 to our condensed consolidated financial statements.

The weighted average interest rate in effect at March 31, 2021 for all borrowings outstanding pursuant to each third-party debt instrument, including any applicable margin, was 4.9%. The interest rate is based on stated rates and does 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. The weighted average impact of the derivative instruments, excluding forward-starting derivative instruments, on our borrowing costs at March 31, 2021 was an increase of 66 basis points. Including the effects of derivative instruments, original issue premiums or discounts and commitment fees, but excluding the impact of financing costs, the weighted average interest rate on our third-party indebtedness was 5.6% at March 31, 2021.

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 debt maturities grow in later years, we anticipate that we will seek to refinance or otherwise extend our debt maturities. No assurance can be given that we will be able to complete refinancing transactions or otherwise extend our debt maturities. In this regard, it is difficult to predict how political, economic and social conditions, sovereign debt concerns or any adverse regulatory developments will impact the credit markets we access and our future financial position. Our ability to access debt financing on favorable terms, or at all, could be adversely impacted by (i) the financial failure of any of our counterparties, which could (a) reduce amounts available under committed credit facilities and (b) adversely impact our ability to access cash deposited with any failed financial institution, and (ii) tightening of the credit markets. In addition, sustained or increased competition, particularly in combination with adverse economic or regulatory developments, could have an unfavorable impact on our cash flows and liquidity.

Condensed Consolidated Statements of Cash Flows

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

Summary. Our condensed consolidated statements of cash flows for the three months ended March 31, 2021 and 2020 are summarized as follows:

	Three months ended March 31,		
	2021	**2020**	**Change**
		in millions	
Net cash provided by operating activities	$ 61.4	$ 33.9	$ 27.5
Net cash used by investing activities	(58.6)	(87.1)	28.5
Net cash provided (used) by financing activities	(12.5)	309.1	(321.6)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(1.9)	(2.4)	0.5
Net increase (decrease) in cash, cash equivalents and restricted cash	$ (11.6)	$ 253.5	$ (265.1)

Operating Activities. The increase in net cash provided by our operating activities is primarily attributable to the net effect of (i) an increase from our working capital items, (ii) a decrease from our Adjusted OIBDA, (iii) lower interest payments and (iv) lower tax payments.

Investing Activities. The decrease in net cash used by our investing activities is primarily attributable to a decline in cash used for capital expenditures, as further discussed below.

The capital expenditures that we report in our condensed consolidated statements of cash flows, which include cash paid for property and equipment acquired not part of an acquisition, do not include amounts that are financed under capital-related vendor financing or finance 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 condensed consolidated statements of cash flows, and (ii) our total property and equipment additions, which include our capital expenditures on an accrual basis and amounts financed under capital-related vendor financing or finance lease arrangements.

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

	Three months ended March 31,	
	2021	**2020**
	in millions	
Property and equipment additions	$ 60.3	$ 70.5
Assets acquired under capital-related vendor financing arrangements	(11.5)	(22.4)
Changes in current liabilities related to capital expenditures	5.6	31.1
Capital expenditures	$ 54.4	$ 79.2

The decrease in our property and equipment additions during the three months ended March 31, 2021, as compared to the corresponding period in 2020, is primarily due to (i) lower installation of CPE and (ii) fewer new builds and upgrades. During the three months ended March 31, 2021 and 2020, our property and equipment additions represented 11.0% and 12.0% of revenue, respectively.

Financing Activities. During the three months ended March 31, 2021, we used $13 million of cash from financing activities primarily due to $11 million of net repayments of third-party debt. During the three months ended March 31, 2020, we generated $309 million of cash from financing activities primarily due to $340 million of net borrowings of third-party debt, which was slightly offset by $26 million related to payments of financing costs and debt redemption premiums. During the first quarter of 2020, we borrowed amounts on certain of our revolving credit facilities.

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 rates and exchange rates that were in effect as of March 31, 2021. These amounts are presented for illustrative purposes only and will likely differ from the actual cash payments required in future periods. For additional information regarding our derivative instruments, including our counterparty credit risk, see note 4 to our condensed consolidated financial statements.

	Payments (receipts) due during:							
	Remainder of 2021	2022	2023	2024	2025	2026	Thereafter	Total
	in millions							
Projected derivative cash payments (receipts), net:								
Interest-related (a)	$ 20.6	$ 29.0	$ 14.9	$ 14.9	$ 14.9	$ 14.5	$ 64.4	$ 173.2
Principal-related (b)	—	—	—	—	—	(2.7)	—	(2.7)
Total	$ 20.6	$ 29.0	$ 14.9	$ 14.9	$ 14.9	$ 11.8	$ 64.4	$ 170.5

(a) Includes the interest-related cash flows of our cross-currency and interest rate derivative contracts.

(b) Includes the principal-related cash flows of our cross-currency derivative contract.

Debt Maturities and Contractual Commitments

For information concerning our debt, operating lease obligations and contractual commitments, see notes 7, 8 and 14 to our condensed consolidated financial statements.

In addition to the commitments set forth in note 14 to our condensed consolidated financial statements, 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 projected cash flows associated with our derivative instruments, see *Projected Cash Flows Associated with Derivative Instruments* above. For information regarding our derivative instruments, including the net cash paid or received in connection with these instruments during the three months ended March 31, 2021 and 2020, see note 4 to our condensed consolidated financial statements.