VodafoneZiggo Reports Preliminary Q4 2021 Results

2021 Guidance Achieved; Financial Momentum Sustained

Utrecht, the Netherlands — February 17, 2022: VodafoneZiggo Group B.V. (“VodafoneZiggo”), a leading Dutch company that provides fixed, mobile and integrated communication and entertainment services to consumers and businesses, is today providing select, preliminary unaudited financial[1] and operating information for the three months (“Q4”) and full year (“FY”) ended December 31, 2021, as compared to the results for the same periods in the prior year (unless otherwise noted). The financial and operating information contained herein is preliminary and subject to change. We expect to issue our December 31, 2021 audited consolidated financial statements in March 2022, at which time the report will be posted to our website.

Highlights for Q4 and FY 2021:

- FY 2021 guidance[2] achieved:
    - Adjusted EBITDA[3] growth of 2.0%, in line with 'around 2%' guidance
    - Property and equipment additions[4] at 20.5% of revenue, within '19% - 21%' guidance
    - Total shareholder cash distributions of €625.5 million, in line with 'at least €600 million' guidance
- Robust commercial performance:
    - Added 145,100 converged[5] SIMs[6] and 31,100 converged households in FY 2021, including 17,400 and 1,600 respectively in Q4, driving improvements in Net Promoter Scores (“NPS”) and reduced churn. FMC households have, on average, 15 points higher NPS and were 50% less inclined to churn compared to non-FMC households in the year
    - Added 44,900 mobile postpaid SIMs in Q4, bringing the FY total to 228,000 net additions
    - Delivered 2% fixed ARPU[7] growth in Q4. Total internet RGUs[8] of 3.3 million, declining 9,100 in the quarter
- Strong financial growth and cash flow generation:
    - Revenue grew 1.9% YoY in FY 2021 and 1.1% in Q4, marking our eleventh consecutive quarter of growth, primarily driven by mobile customer base growth, roaming and visitor revenue recovery, fixed ARPU growth and B2B fixed customer base growth
    - Net loss improved by 64.9% YoY in FY 2021 to €137.8 million, driven by higher gains on our derivative portfolio and higher operating income, more than offsetting higher foreign currency exchange losses
    - Adjusted EBITDA increased 2.0% YoY in FY 2021 and 5.1% in Q4, driven by revenue growth while maintaining cost discipline
    - Adjusted EBITDA less P&E Additions[9] increased 0.6% YoY in FY 2021 to €1,077.2 million, driven by Adjusted EBITDA growth partially offset by an increase in P&E additions
- Rated 'Best Fixed Network' in the Netherlands by the leading independent test provider Umlaut
- FY 2022 guidance:
    - Stable to modest growth in Adjusted EBITDA
    - 22% - 24% of property and equipment additions as % of revenue
    - €550 - €650 million total shareholder cash distributions

Jeroen Hoencamp, VodafoneZiggo CEO, commented:

"As one of the leading converged operators, we provide vital infrastructure with the 'Best Fixed Network' in the Netherlands and the 6th best mobile network in the world. We are strongly committed to offering high-speed and stable connectivity to our customers, wherever they are. I am proud of what we have achieved this past year with the good progress made by upgrading almost three quarters of our network to Gigabit speeds, launching next-generation SmartWiFi pods, accelerating the roll-out of our Mediabox Next, providing on average 40% internet speeds increase to all our customers, further investing in 5G capacity expansion, and launching our Priority loyalty program. All of these initiatives have contributed to our strong mobile and converged customer growth, driving NPS and churn improvement. Furthermore, we delivered all of our 2021 financial targets, realizing strong revenue and EBITDA growth. We expect to deliver robust financial results again this year, and accelerate investments in our GigaNet capacity and next-generation customer premises equipment to maintain our network leadership."

Consumer performance for Q4 and FY 2021:

Total consumer revenue declined 0.1% YoY in Q4 and grew 1% YoY in FY 2021

Fixed:

Consumer fixed revenue[10] declined 1.9% YoY in Q4 and grew 0.3% YoY in FY 2021

- Q4 revenue decline was primarily driven by a decline in our customer base and lower SmartWiFi pod sales, partially offset by a 2% YoY increase in ARPU
    - FY revenue growth was primarily driven by ARPU increase, partially offset by customer base decline
- Internet RGUs decreased by 15,500 in Q4, bringing the FY total decline to 60,000
- Our fixed network is rated 'Best Fixed Network' in the Netherlands, with a score of 947 out of 1,000 points, according to the inaugural benchmark from the leading independent test provider Umlaut published in January 2022. The benchmark measured the quality of fixed network through the latency (response time) and the download and upload speeds of all fixed networks in the Netherlands over a six-month period that ended in December 2021
- In total 1.2 million SmartWiFi pods delivered to our customer homes in 2021. Customers with SmartWiFi pods have on average a 9 points higher WiFi NPS vs. customers without the pods
- By end of Q4, 5.3 million customer homes were able to enjoy 1 Gbps speeds as part of our DOCSIS 3.1 roll-out, representing 73% of our footprint, and we are on track to reach 100% in 2022
- 1.7 million customers (46% of our total video base) have the next-generation video platform Mediabox Next, including the upgraded Mediabox XL boxes
- In October 2021, we launched our new customer loyalty program 'Priority', in partnership with Ajax, Ziggo Dome, MOJO Concerts and The Park Playground, giving exclusive benefits to all our customers and further strengthening our FMC strategy

Mobile:

Consumer mobile revenue[11] grew 4.2% YoY in Q4 and 2.5% YoY in FY 2021

- Revenue growth momentum continued in Q4 and FY 2021 as strong customer base growth was partially offset by a slight decrease in ARPU

- Q4 postpaid ARPU was stable at €18, primarily driven by (i) price indexation, (ii) higher roaming revenue, (iii) differences in phasing of converged discounts compared to the prior-year period and (iv) lower national out-of-bundle revenue

- We added 19,800 net mobile postpaid customers in Q4 and 122,800 FY 2021, benefiting from record low mobile postpaid churn in the year
- In December 2021, our mobile network was ranked in the top 6 best mobile networks in the world by Umlaut, with a score of 945 out of 1,000 points

Business performance for Q4 and YTD 2021:

Total B2B revenue grew 2.5% YoY in Q4 and 3.2% YoY in FY 2021

Fixed:

B2B fixed revenue[12] grew 3.9% YoY in Q4 and 6.5% YoY in FY 2021

- Revenue growth in Q4 and FY 2021 was primarily driven by growth across all segments from SOHO ("Small Office Home Office"), small business to medium and large corporate segments, including increasing demand for our Unified Communication[13] portfolio
  - Q4 SOHO fixed ARPU increased 2% YoY to €63 and Q4 small business fixed ARPU increased 4% YoY to €84
- 6,400 Internet RGUs and 12,800 new Unified Communication seats[13] added in Q4

Mobile:

B2B mobile revenue[14] grew 1.2% YoY in Q4 and remained stable for FY 2021

- Q4 revenue growth was primarily driven by (i) higher roaming and visitor revenue, (ii) higher handset sales volumes, (iii) customer base growth, partially offset by (iv) price pressure in the large corporate segment and (v) lower national out-of-bundle revenue
  - FY revenue was stable, as (i) higher roaming and visitor revenue, (ii) higher handset sales volumes, and (iii) customer base growth, were fully offset by (iv) adverse impact of price pressure in the large corporate segment and (v) lower national out-of-bundle revenue
  - Q4 B2B postpaid ARPU decreased 10% YoY to €15 driven by pricing pressure in the large corporate segment and lower national out-of-bundle revenue
- 25,000 net mobile postpaid customers added in Q4, bringing the FY total to 105,200 net additions
- In December 2021, Vodafone Business launched new fully integrated cybersecurity services for the medium and large corporate segments in collaboration with Accenture. The services are designed to help companies detect, respond or recover from cyberattacks, and complement our existing cybersecurity offerings

Financial highlights for Q4 and FY 2021[1]:

- Revenue has grown for eleven consecutive quarters, up 1.1% YoY in Q4 and 1.9% in FY 2021, primarily driven by mobile customer base growth, roaming and visitor revenue recovery and fixed

ARPU growth, more than offsetting the modest decline in mobile postpaid ARPU and fixed customer base

- Net loss improved by 69.2% YoY to €90.7 million in Q4, as higher realized and unrealized gains on derivative instruments, higher operating income and changes in income tax expense were only partially offset by higher foreign currency exchange losses
  - On a FY basis, net loss improved by 64.9% YoY to €137.8 million, primarily driven by (i) higher realized and unrealized gains on derivative instruments, (ii) changes in income tax expense, (iii) higher operating income, partially offset by (iv) higher foreign currency transaction losses
- Adjusted EBITDA grew 5.1% YoY to €482.8 million in Q4, primarily driven by strong revenue growth and disciplined cost control
  - On a FY basis, Adjusted EBITDA grew 2.0% YoY to €1,914.7 million, primarily driven by the aforementioned strong revenue growth and disciplined cost control, partially offset by the impact of certain benefits in the prior-year period
- Property and equipment additions were 24.0% of revenue in Q4 and 20.5% in FY 2021
  - Q4 additions were €52.5 million higher YoY, primarily driven by (i) higher customer premises equipment and SmartWiFi pods spend and (ii) capacity expansion in both mobile and fixed networks
  - FY additions were €31.3 million higher YoY, primarily driven by (i) higher customer premises equipment and SmartWiFi pods spend, (ii) capacity expansion in both mobile and fixed networks, partially offset by (iii) lower spend on consolidation of IT systems
- Adjusted EBITDA less P&E Additions decreased 11.0% YoY to €234.6 million in Q4, representing 22.6% of revenue, primarily due to the aforementioned increase in property and equipment additions
  - FY Adjusted EBITDA less P&E Additions increased 0.6% YoY to €1077.2 million, driven by Adjusted EBITDA growth partially offsetting the aforementioned increase in property & equipment additions
- During the quarter, we made equity distributions of €125 million to shareholders and €25.8 million of interest on the Shareholder Notes, bringing the FY total shareholder cash distributions to €625.5 million
- At December 31, 2021, our fully-swapped third-party debt borrowing cost[15] was 4.3% and average tenor of our third-party debt (excluding vendor and handset financing obligations) was 6.6 years
- In January 2022, we published our new Sustainable Finance Framework which incorporates our previously published Green Bond Framework. This Framework enables us to issue green and sustainable financing and aligns our CSR strategy with our capital structure.
  - Key Performance Indicators with corresponding Sustainable Performance Targets ("SPTs") to halve our CO_2 emissions (Scope 1,2, and 3) by 2025 (compared to 2018) are included in the Framework
  - Our Sustainable Finance Framework is aligned with the Green Bond Principles 2021, the Green Loan Principles 2021, the Sustainability-Linked Bond Principles 2020, and the Sustainability-Linked Loan Principles 2021 and has been certified by Sustainalytics, a leading and global independent company in Environmental Social Governance ("ESG") research and rating provider
  - Under the Framework, we issued our inaugural Sustainability-Linked Senior Secured Notes ("SSNs") to refinance $1.6 billion of our existing 5.5% SSNs due 2027 and €620 million of our existing 4.25% SSNs due 2027 including costs, by the issuance of $1.525 billion 5.0%

SSNs due 2032 and €750 million 3.0% SSNs due 2032. This transaction resulted in an increase in our debt tenor and future interest savings

    - The terms and conditions of the Sustainability-Linked SSNs state that if one or more SPTs are not actually achieved, VodafoneZiggo will pay an increased coupon rate not exceeding 0.25% and increased optional repayment charges of 0.125% from 2026 onwards, until the maturity date. If, on the other hand, VodafoneZiggo achieves the SPTs, it will benefit from a reduction of the optional repayment charges by 0.125% if the Sustainability-Linked SSN is repaid prematurely. This, in itself, is an innovation within the global bond market for sustainable investments

- At December 31, 2021, total third-party debt (excluding vendor financing, other debt and lease obligations) was €9.8 billion, which is an increase of €0.1 billion from September 30, 2021 related to the strengthening of the US Dollar. Furthermore, when taking into consideration the projected principal-related cash flows associated with our cross-currency derivative instruments, the total covenant amount of third-party gross debt was €9.1 billion at December 31, 2021, which is unchanged from September 30, 2021. For information concerning the debt balances used in our covenant calculations, see Covenant Debt Information below

- At December 31, 2021, and subject to the completion of our corresponding compliance reporting requirements, (i) the ratio of Senior Net Debt to Annualized EBITDA (last two quarters annualized) was 3.47x and (ii) the ratio of Total Net Debt to Annualized EBITDA (last two quarters annualized) was 4.42x, each as calculated in accordance with our most restrictive covenants, and reflecting the Credit Facility Excluded Amount as defined in the respective credit agreements

    - Vendor and handset financing obligations are not included in the calculation of our leverage covenants. If we were to include these obligations in our leverage ratio calculation, and not reflect the Credit Facility Excluded Amount, the ratio of Total Net Debt to Annualized EBITDA would have been 5.24x at December 31, 2021

- At December 31, 2021, we had maximum undrawn Revolving Credit Facility commitments of €800 million. When our Q4 compliance reporting requirements have been completed and assuming no changes from December 31, 2021 borrowing levels, we anticipate that we will continue to have €800 million of our unused Revolving Credit Facility commitments available to be drawn

Operating Statistics Summary

	As of and for the three months ended December 31,	
	2021	2020
Footprint		
Homes Passed[16]	7,328,000	7,298,700
Fixed-Line Customer Relationships[17]		
Fixed-Line Customers	3,738,800	3,836,300
Q4 organic Fixed-Line Customer net losses	(24,100)	(16,300)
RGUs per Fixed-Line Customer	2.44	2.47
Q4 Monthly ARPU per Fixed-Line Customer	€ 52	€ 51
Mobile SIMs[6]		
Postpaid	4,985,100	4,757,100
Prepaid	380,300	432,700
Total Mobile	5,365,400	5,189,800
Q4 organic Postpaid net additions	44,900	67,000
Q4 organic Prepaid net losses	(7,200)	(32,000)
Total organic Mobile net additions	37,700	35,000
Q4 Monthly Mobile ARPU		
Postpaid (including interconnect revenue)	€ 17	€ 18
Prepaid (including interconnect revenue)	€ 4	€ 3
Convergence[5]		
Converged Households	1,489,500	1,458,400
Converged SIMs	2,472,900	2,327,800
Converged Households as % of Internet RGUs	45%	43%
Subscribers (RGUs)		
Video[18]	3,729,800	3,831,300
Internet[19]	3,328,200	3,363,500
Telephony[20]	2,064,700	2,272,800
Total RGUs	9,122,700	9,467,600
Q4 Organic RGU Net Losses		
Video	(24,900)	(16,300)
Internet	(9,100)	(7,800)
Telephony	(59,900)	(42,700)
Total organic RGU net losses	(93,900)	(66,800)

Financial Results, Adjusted EBITDA Reconciliation & Property and Equipment Additions

The following table reflects preliminary unaudited selected financial results for the three months and year ended December 31, 2021 and 2020:

	Three months ended December 31,			Year ended December 31,		
	2021	2020	Change	2021	2020	Change
	in millions, except % amounts					
Total revenue						
Consumer fixed revenue[10]						
Subscription revenue	€ 517.5	€ 522.4	(0.9)%	€2,076.8	€2,071.7	0.2%
Non-subscription revenue	4.3	9.5	(54.7%)	25.1	23.8	5.5%
Total consumer fixed revenue	521.8	531.9	(1.9%)	2,101.9	2,095.5	0.3%
Consumer mobile revenue[11]						
Service revenue	164.1	156.5	4.9%	644.2	624.5	3.2%
Non-service revenue	69.0	67.3	2.5%	247.9	245.6	0.9%
Total consumer mobile revenue	233.1	223.8	4.2%	892.1	870.1	2.5%
Total consumer revenue	754.9	755.7	(0.1%)	2,994.0	2,965.6	1.0%
B2B fixed revenue[12]						
Subscription revenue	131.2	125.4	4.6%	516.9	482.4	7.2%
Non-subscription revenue	2.8	3.6	(22.2%)	13.5	15.6	(13.5%)
Total B2B fixed revenue	134.0	129.0	3.9%	530.4	498.0	6.5%
B2B mobile revenue[14]						
Service revenue	91.2	95.0	(4.0%)	364.8	381.1	(4.3%)
Non-service revenue	38.0	32.7	16.2%	130.2	114.1	14.1%
Total B2B mobile revenue	129.2	127.7	1.2%	495.0	495.2	0.0%
Total B2B revenue	263.2	256.7	2.5%	1,025.4	993.2	3.2%
Other revenue[21]	18.0	12.0	50.0%	57.5	41.4	38.9%
Total revenue	€1,036.1	€1,024.4	1.1 %	€4,076.9	€4,000.2	1.9%
Adjusted EBITDA[3]	€ 482.8	€ 459.5	5.1%	€1,914.7	€1,876.9	2.0%
Adjusted EBITDA as a percentage of revenue	46.6 %	44.9 %		47.0 %	46.9 %	

The following table provides a reconciliation of net loss to Adjusted EBITDA:

	Three months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
	in millions			
Net loss	€ (90.7)	€ (294.2)	€ (137.8)	€ (393.1)
Income tax expense	75.8	94.5	61.1	141.5
Other income, net	(0.6)	(0.1)	(0.6)	(0.2)
Losses on debt extinguishment, net	—	12.3	7.6	41.9
Foreign currency transaction losses (gains), net	88.4	(219.1)	380.1	(453.8)
Realized and unrealized losses (gains) on derivative instruments, net	(132.4)	281.7	(524.8)	387.8
Interest expense:				
Third-party	104.3	105.7	415.8	440.5
Related-party	25.7	22.8	95.5	84.0
Operating income	70.5	3.6	296.9	248.6
Impairment, restructuring and other operating items, net	9.9	6.9	37.0	(11.7)
Depreciation and amortization	402.4	449.0	1,580.3	1,639.7
Share-based compensation expense	—	—	0.5	0.3
Adjusted EBITDA	€ 482.8	€ 459.5	€ 1,914.7	€ 1,876.9

The table below highlights the categories of our property and equipment additions for the indicated periods and reconciles those additions to the capital expenditures that we present in our condensed consolidated statements of cash flows:

	Three months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
	in millions, except % amounts			
Customer premises equipment	€ 66.8	€ 36.5	€ 220.6	€ 168.3
New build and upgrade	31.2	31.8	126.3	132.1
Capacity	90.2	63.4	259.4	240.2
Baseline*	26.5	40.2	126.6	160.1
Product and enablers*	33.5	24.1	104.6	105.5
Property and equipment additions[4]	248.2	196.0	837.5	806.2
Assets acquired under capital-related vendor financing arrangements	(136.1)	(122.0)	(500.2)	(494.8)
Assets acquired under finance leases	(1.9)	(2.4)	(7.1)	(13.6)
Changes in liabilities related to capital expenditures	(44.1)	(26.7)	(32.1)	(9.3)
Total capital expenditures[22]	€ 66.1	€ 44.9	€ 298.1	€ 288.5
Spectrum license additions[4]	€ —	€ —	€ 163.3	€ 252.4
Changes in liabilities related to spectrum expenditures	—	—	44.6	(44.5)
Total cash paid for spectrum licenses	€ —	€ —	€ 207.9	€ 207.9
Property and equipment additions as a percentage of revenue	24.0 %	19.1 %	20.5 %	20.2 %
Adjusted EBITDA less P&E Additions[9] Reconciliation				
Adjusted EBITDA	€ 482.8	€ 459.5	€1,914.7	€1,876.9
Property and equipment additions	(248.2)	(196.0)	(837.5)	(806.2)
Adjusted EBITDA less P&E Additions	€ 234.6	€ 263.5	€1,077.2	€1,070.7
as a percentage of revenue	22.6 %	25.7 %	26.4 %	26.8 %

* During 2021, certain Baseline-related additions have been reclassified to Product and enablers. Accordingly, the related prior period amounts also have been reclassified to conform to current presentation.

Third-Party Debt, Finance Lease Obligations and Cash and Cash equivalents

The following table details the borrowing currency and euro equivalent of the nominal amount outstanding of VodafoneZiggo's consolidated third-party debt, finance lease obligations and cash and cash equivalents.

		December 31, 2021		September 30, 2021
		Borrowing currency	€ equivalent	
			in millions	
Credit Facilities				
Term Loan H (EURIBOR + 3.00%) EUR due 2029	€	2,250.0	2,250.0	2,250.0
Term Loan I (LIBOR + 2.50%) USD due 2028	$	2,525.0	2,217.5	2,182.2
Financing Facility	€	41.9	41.9	41.9
€800.0 million Ziggo Revolving Facilities EUR due 2026			—	—
Total Credit Facilities			4,509.4	4,474.1
Senior Secured Notes				
5.50% USD Senior Secured Notes due 2027	$	1,600.0	1,405.2	1,382.8
4.25% EUR Senior Secured Notes due 2027	€	620.0	620.0	620.0
4.875% USD Senior Secured Notes due 2030	$	991.0	870.3	856.5
2.875% EUR Senior Secured Notes due 2030	€	502.5	502.5	502.5
Total Senior Secured Notes			3,398.0	3,361.8
Senior Notes				
3.375% EUR Senior Notes due 2030	€	900.0	900.0	900.0
6.00% USD Senior Notes due 2027	$	625.0	548.9	540.1
5.125% USD Senior Notes due 2030	$	500.0	439.1	432.1
Total Senior Notes			1,888.0	1,872.2
Vendor financing			999.7	990.8
Other debt[23]			166.5	168.9
Finance leases			19.6	20.1
Total third-party debt and finance lease obligations			10,981.2	10,887.9
Unamortized premiums, discounts and deferred financing costs, net			(45.7)	(47.0)
Total carrying amount of third-party debt and finance lease obligations			10,935.5	10,840.9
Less: cash and cash equivalents			247.3	174.7
Net carrying amount of third-party debt and finance lease obligations[24]			€ 10,688.2	€ 10,666.2
Exchange rate ($ to €)			1.13865	1.15710

Covenant Debt Information

The following table details the euro equivalent of the reconciliation from VodafoneZiggo's consolidated third-party debt to the total covenant amount of third-party gross[25] and net debt[24] and includes information regarding the projected principal-related cash flows of our cross-currency derivative instruments. The euro equivalents presented below are based on exchange rates that were in effect as of December 31, 2021 and September 30, 2021. These amounts are presented for illustrative purposes only and will likely differ from the actual cash receipts in future periods.

	December 31, 2021	September 30, 2021
	in millions	
Total third-party debt and finance lease obligations (€ equivalent)	€ 10,981.2	€ 10,887.9
Vendor financing	(999.7)	(990.8)
Finance lease obligations	(19.6)	(20.1)
Other debt[23]	(166.5)	(168.7)
Credit Facility excluded amount	(511.6)	(505.4)
Projected principal-related cash receipts associated with our cross-currency derivative instruments	(192.9)	(105.8)
Total covenant amount of third-party gross debt[25]	9,090.9	9,097.1
Less: cash and cash equivalents*	(54.5)	(58.7)
Total covenant amount of third-party net debt[24]	€ 9,036.4	€ 9,038.4

* This excludes the cash that is related to the unutilized portion of the Vendor Finance Note facility of €29.7 million and €36.1 million as of December 31, 2021 and September 30, 2021, respectively, as well as the cash that is outside the covenant group, amounting to €162.9 million and €81.9 million as of December 31, 2021 and September 30, 2021, respectively.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements with respect to our strategies, future financial and operational growth prospects and opportunities; expectations with respect to our Adjusted EBITDA and cash returns to our shareholders; expectations with respect to the development, enhancement and expansion of our superior networks and innovative and advanced products and services; expectations regarding the availability of mobile devices with 1 Gbps+ download speeds; expectations with respect to synergies; the strength of our balance sheet and tenor of our third-party debt; and other information and statements that are not historical fact. These forward-looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those expressed or implied by these statements. These risks and uncertainties include events that are outside of our control, such as the impact of the COVID-19 pandemic on our company; the continued use by subscribers and potential subscribers of our services and their willingness to upgrade to our more advanced offerings; our ability to meet challenges from competition, to manage rapid technological change or to maintain or increase rates to our subscribers or to pass through increased costs to our subscribers; the effects of changes in laws or regulation; general economic factors; our ability to obtain regulatory approval and satisfy regulatory conditions associated with acquisitions and dispositions; our ability to successfully acquire and integrate new businesses and realize anticipated efficiencies from any acquired businesses; the availability of attractive programming for our video services and the costs associated with such programming; our ability to achieve forecasted financial and operating targets; the outcome of any pending or threatened litigation; the ability of our operating companies to access cash of their respective subsidiaries; the impact of our operating companies' future financial performance, or market conditions generally, on the availability, terms and deployment of capital; fluctuations in currency exchange and interest rates; the ability of suppliers and vendors to timely deliver quality products, equipment, software, services and access; our ability to adequately forecast and plan future network requirements including the costs and benefits associated with network expansions; and other factors detailed from time to time in our most recent Annual and Quarterly Reports. These forward-looking statements speak only as of the date of this release. 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 change in events, conditions or circumstances on which any such statement is based.

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About VodafoneZiggo

VodafoneZiggo is a leading Dutch company that provides fixed, mobile and integrated communication and entertainment services to consumers and businesses. As of December 31, 2021, we have over 5 million mobile, nearly 4 million video, over 3 million fixed broadband internet and over 2 million fixed telephony subscribers.

Approximately 7,000 people are employed by VodafoneZiggo. Our offices are located in Utrecht, Amsterdam, Maastricht, Hilversum, Leeuwarden, Groningen, Zwolle, Nijmegen, Helmond and Rotterdam.

The VodafoneZiggo JV is a joint venture between Liberty Global, one of the world's leading converged video, broadband and communications companies, and Vodafone Group, one of the world's leading technology communications companies.

Liberty Global is a world leader in converged broadband, video and mobile communications services. It delivers next-generation products through advanced fiber and 5G networks that connect over 85 million retail and wholesale subscribers across Europe and the United Kingdom. Liberty Global's businesses operate under some of the best-known consumer brands, including Virgin Media-O2 in the UK, VodafoneZiggo in The Netherlands, Telenet in Belgium, Sunrise UPC in Switzerland, Virgin Media in Ireland and UPC in Eastern Europe. Liberty Global, through its global investment arm Liberty Global Ventures, has a portfolio of more than 75 companies and funds across content, technology and infrastructure, including strategic stakes in companies like ITV, Univision, Plume, Lionsgate and the Formula E racing series.

Unique in its scale as the largest pan-European and African technology communications company, Vodafone transforms the way people live and work through its innovation, technology, connectivity, platforms, products and services. Vodafone operates mobile and fixed networks in 21 countries, and partners with mobile networks in 52 more. As of 31 December 2021, Vodafone had over 300 million mobile customers, more than 28 million fixed broadband customers and over 22 million TV customers. Vodafone is a world leader in the Internet of Things ("IoT"), connecting more than 142 million devices and platforms through innovation that aligns with the aspirations of society for cleaner and safer cities, better transport and improved agriculture. Vodafone's digital leadership is also changing how governments deliver healthcare and education, and how businesses, particularly Small and Medium Enterprises, serve customers.

Footnotes

1. The financial figures contained in this release are prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP").
2. The financial guidance for FY 2021, as updated in the previous Q3 2021 release, was:
    a. Around 2% Adjusted EBITDA growth
    b. Property and equipment additions of 19% - 21% of revenue
    c. At least €600 million total shareholder cash distributions

    A reconciliation of our Adjusted EBITDA guidance to a U.S. GAAP measure is not provided due to the fact that not all elements of the reconciliation are projected as part of our forecasting process, as certain items may vary significantly from one period to another. For the definition and reconciliation of Adjusted EBITDA, see note 3.

    Total shareholder cash distributions includes payments for equity distributions and principal and interest on Shareholder Notes. Of note, this is in addition to the shareholder charges that we describe in our 2020 annual report. Shareholders refers to the 50:50 ownership by Vodafone and Liberty Global of VodafoneZiggo.
3. Adjusted EBITDA is the primary measure used by our management to evaluate the operating performance of our businesses. Adjusted EBITDA is also a key factor that is used by our management and our Supervisory Board to evaluate the effectiveness of our management for purposes of annual and other incentive compensation plans. As we use the term, Adjusted EBITDA is defined as operating income before depreciation and amortization, share-based compensation, provisions and provision releases related to significant litigation and impairment, restructuring and other operating items. Other operating items include (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. Our management believes Adjusted EBITDA is a meaningful measure because it represents a transparent view of our recurring operating performance that is unaffected by our capital structure and allows management to (a) readily view operating trends, (b) perform analytical comparisons and benchmarking between entities and (c) identify strategies to improve operating performance. We believe our Adjusted EBITDA measure is useful to investors because it is one of the bases for comparing our performance with the performance of other companies in the same or similar industries, although our measure may not be directly comparable to similar measures used by other companies. Adjusted EBITDA should be viewed as a measure of operating performance that is a supplement to, and not a substitute for, operating income, net earnings or loss, cash flow from operating activities and other U.S. GAAP measures of income or cash flows. A reconciliation of net loss to Adjusted EBITDA is presented under the *Financial Results, Adjusted EBITDA Reconciliation & Property and Equipment Additions* section of this release.
4. Property and equipment additions include property and equipment capital expenditures on an accrual basis, amounts financed under vendor financing or finance lease arrangements and other non-cash additions. Spectrum license additions include capital expenditures for spectrum licenses on an accrual basis.
5. Converged households or converged SIMs represent customers in either our Consumer or SOHO segment that subscribe to both a fixed-line digital TV and an internet service and Vodafone and/or hollandsnieuwe postpaid mobile telephony service.
6. Our mobile subscriber count represents the number of active subscriber identification module (SIM) cards in service rather than services provided. For example, if a mobile subscriber has both a data and voice plan on a smartphone this would equate to one mobile subscriber. Alternatively, a subscriber who has a voice and data plan for a mobile handset and a data plan for a laptop (mobile broadband or secondary SIM) would be counted as two mobile subscribers. Our mobile subscriber count includes both prepaid and postpaid plans. Prepaid customers are excluded from our prepaid mobile telephony subscriber counts after a period of inactivity of 9 months.
7. Average Revenue Per Unit ("ARPU") refers to the average monthly subscription or service revenue, for either fixed or mobile services, respectively, per average fixed customer relationship or mobile subscriber, as applicable. Although presented on a combined basis in our operating statistics summary table above, our ARPU per fixed customer relationship is calculated separately for our residential ("Consumer fixed ARPU"), SOHO ("SOHO fixed ARPU") and small business ("Small business fixed ARPU") subscribers by dividing the average applicable monthly fixed subscription revenue for the indicated period, by the average of the opening and closing balances for the fixed customer relationship for the period. Fixed customer relationships of entities acquired during the period are normalized. Although presented on a combined basis in our operating statistics summary table above, our ARPU per mobile subscriber is calculated separately for our Consumer ("Consumer mobile postpaid ARPU") and B2B ("B2B mobile postpaid ARPU") subscribers. Our ARPU per mobile subscriber calculations refer to the average monthly mobile service and interconnect revenue per average mobile subscribers in service and are calculated by dividing the average monthly postpaid mobile service revenue including interconnect revenue for the indicated period, by the average of the opening and closing balances of postpaid mobile subscribers in service for the period.
8. RGU ("Revenue Generating Unit") is separately a Basic Video Subscriber, Enhanced Video Subscriber, Internet Subscriber or Telephony Subscriber (each as defined and described below). A home, residential multiple dwelling unit, or commercial unit may contain one or more RGUs. For example, if a residential customer in our market subscribed to our enhanced video service, fixed-line telephony service and broadband internet service, the customer would constitute three RGUs. Total RGUs is the sum of Basic Video, Enhanced Video, Internet and Telephony Subscribers. RGUs generally are counted on a unique premises basis such that a given premises does not count as more than one RGU for any given service. On the other hand, if an individual receives one of our services in two premises (e.g. a primary home and a vacation home), that individual will count as two RGUs for that service. Each bundled video, internet or telephony service is counted as a separate RGU regardless of the nature of any bundling discount or promotion. Non-paying subscribers are counted as subscribers during their free promotional service period. Some of these subscribers may choose to disconnect after their free service period. Services offered without charge on a long-term basis (e.g., VIP subscribers, or free service to employees) generally are not counted as RGUs. We do not include subscriptions to mobile services in our externally reported RGU counts. In this regard, our December 31, 2021 RGU counts exclude our separately reported prepaid and postpaid mobile subscribers.

9. Effective with the release of our third quarter earnings we have stopped using the term Operating Free Cash Flow ("OFCF") and now use the term "Adjusted EBITDA less P&E Additions". As we use the term, Adjusted EBITDA less P&E Additions has the same meaning as OFCF had previously, and therefore does not impact any previously reported amounts. Adjusted EBITDA less P&E Additions, which is a non-GAAP measure, represents Adjusted EBITDA less property and equipment additions on an accrual basis, amounts financed under vendor financing or finance lease arrangements and other non-cash additions. Adjusted EBITDA less P&E Additions is a meaningful measure because it provides (i) a transparent view of Adjusted EBITDA that remains after our capital spend, which we believe is important to take into account when evaluating our overall performance and (ii) a comparable view of our performance relative to other telecommunications companies. Our Adjusted EBITDA less P&E Additions measure may differ from how other companies define and apply their definition of similar measures. Adjusted EBITDA less P&E Additions should be viewed as a measure of operating performance that is a supplement to, and not a substitute for, operating income, net earnings or losses and other U.S. GAAP measures of income.

10. Consumer fixed revenue is classified as either subscription revenue or non-subscription revenue. Consumer fixed subscription revenue includes revenue from subscribers for ongoing broadband internet, video, and voice services offered to residential customers and the amortization of installation fee. Consumer fixed non-subscription revenue includes, among other items, interconnect, channel carriage fees and late fees.

11. Consumer mobile revenue is classified as either service revenue or non-service revenue. Consumer mobile service revenue includes revenue from ongoing mobile and data services offered under postpaid and prepaid arrangements to residential customers. Consumer mobile non-service revenue includes, among other items, interconnect revenue, mobile handset and accessories sales, and late fees.

12. B2B fixed revenue is classified as either subscription revenue or non-subscription revenue. B2B fixed subscription revenue includes revenue from business broadband internet, video, voice, and data services offered to SOHO, small and medium to large enterprises. B2B fixed non-subscription revenue includes, among other items, revenue from hosting services, installation fees, carriage fees and interconnect.

13. Unified Communication portfolio refers to a suite of B2B product offerings including One Net, One Mobile, One Fixed, Office 365, Skype for Business, cloud hosting and customer contact center solutions. Unified Communication seats are unique licenses subscribed in each of these products.

14. B2B mobile revenue is classified as either service revenue or non-service revenue. B2B mobile service revenue includes revenue from ongoing mobile and data services offered to SOHO, small and medium to large enterprise customers as well as wholesale customers. B2B mobile non-service revenue includes, among other items, interconnect including visitor revenue, mobile handset and accessories sales, and late fees.

15. Our fully-swapped third-party debt borrowing cost represents the weighted average interest rate on our aggregate variable- and fixed-rate indebtedness (excluding finance leases and vendor and handset financing obligations), including the effects of derivative instruments and commitment fees, but excluding the impact of financing costs.

16. Homes Passed are homes, residential multiple dwelling units or commercial units that can be connected to our networks without materially extending the distribution plant. Our Homes Passed counts are based on internally maintained databases of connected addresses, which are updated monthly. Due to the fact that we do not own the partner networks, we do not report homes passed for partner networks.

17. Fixed Customer Relationships are the number of customers who receive at least one of our video, internet or telephony services that we count as RGU, without regard to which or to how many services they subscribe. Fixed Customer Relationships generally are counted on a unique premises basis. Accordingly, if an individual receives our services in two premises (e.g., a primary home and a vacation home), that individual generally will count as two Fixed Customer Relationships. We exclude mobile-only customers from Fixed Customer Relationships.

18. Video Subscriber is a home, residential multiple dwelling unit or commercial unit that receives our video service over our broadband network or through a partner network via a digital video signal. Video Subscribers are counted on a unique premises basis. For example, a subscriber with one or more set-top boxes that receives our video service in one premises is generally counted as just one subscriber and a subscriber with two homes and a subscription to our video service at each home is counted as two RGUs.

19. Internet Subscriber is a home, residential multiple dwelling unit or commercial unit that receives our internet services over our networks, or that we service through a partner network.

20. Telephony Subscriber is a home, residential multiple dwelling unit or commercial unit that receives our voice services over our networks, or that we service through a partner network. Telephony Subscribers exclude mobile telephony subscribers.

21. Other revenue includes, among other items, programming, advertising and site sharing revenue.

22. The capital expenditures that we report in our consolidated statements of cash flows do not include amounts that are financed under vendor financing or finance lease arrangements. Instead, these expenditures are reflected as non-cash additions to our property and equipment when the underlying assets are delivered, and as repayments of debt when the related principal is repaid.

23. Other debt represents handset financing obligations.

24. Net third-party debt is not a defined term under U.S. GAAP and may not therefore be comparable with other similarly titled measures reported by other companies.

25. Total covenant amount of third-party gross debt is the euro equivalent of the nominal amount outstanding of our third-party debt less (i) vendor financing, (ii) finance lease obligations, (iii) other debt and (iv) the projected principal-related cash flows associated with our cross-currency derivative instruments. These projected cash flows are presented for illustrative purposes only and will likely differ from the actual cash receipts or payments in future periods. A reconciliation of total third-party debt to total covenant amount of third-party gross and net debt is provided under the *Covenant Debt Information* section of this release.

Additional General Notes:

Certain of our B2B fixed revenue is derived from SOHO, small business and multiple dwelling unit subscribers. SOHO subscribers pay a premium price to receive enhanced service levels along with video, internet or telephony services that are the same or similar to the mass marketed products offered to our residential subscribers. small business customers receive video, internet or telephony services that are similar to our SOHO product offerings with additional optional functionality such as static IP addresses, hosted VoIP, or Multi Wi-Fi. The small business product offerings come at a premium price compared to the business products we offer to our SOHO customers. All mass marketed products provided to SOHO and small business customers, whether or not accompanied by enhanced service levels and/or premium prices, are included in the respective RGU and customer counts of our broadband communications operation, with only those services provided at premium prices considered to be “SOHO RGUs” and “Small business RGUs” or “SOHO customers” and “Small business customers”. To the extent our existing customers upgrade from a residential product offering to a SOHO or small business product offering, the number of SOHO or small business RGUs or SOHO or small business customers will increase, but there is no impact to our total RGUs or customer counts. We report multiple dwelling unit subscribers and revenue under our B2B segment as these contracts are managed by the B2B management team. With the exception of our B2B SOHO, small business and multiple dwelling unit subscribers, we generally do not count customers of B2B fixed services as customers or RGUs for external reporting purposes.

While we take appropriate steps to ensure that subscriber statistics are presented on a consistent and accurate basis at any given balance sheet date, the variability in (i) the nature and pricing of products and services, (ii) the distribution platform, (iii) billing systems, (iv) bad debt collection experience and (v) other factors add complexity to the subscriber counting process. We periodically review our subscriber counting policies and underlying systems to improve the accuracy and consistency of the data reported on a prospective basis. Accordingly, we may from time to time make appropriate adjustments to our subscriber statistics based on those reviews.