

# VodafoneZiggo Reports Preliminary Q1 2021 Results

## Achieved 2% Revenue and 3% Adjusted EBITDA Growth; Confirming 2021 Guidance

**Utrecht, the Netherlands** — May 5, 2021: 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<sup>1</sup> and operating information for the three months (“Q1”) ended March 31, 2021, as compared to the results for the same period 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 March 31, 2021 unaudited condensed consolidated financial statements prior to the end of May 2021, at which time the report will be posted to our website.

### Highlights for Q1 2021:

- Robust commercial performance despite the COVID-19 pandemic:
  - Added 7,000 converged<sup>2</sup> households and 29,000 converged SIMs, driving our converged penetration rate to 44% of internet RGUs<sup>3</sup> and 71% of consumer mobile postpaid SIMs<sup>4</sup>
  - Added 61,000 mobile postpaid SIMs of which 36,000 net additions in B2B
  - Delivered 4% fixed ARPU<sup>5</sup> growth. Total Internet RGUs declined by 9,000
- Strong financial growth and cash flow conversion:
  - Revenue grew 2% YoY, marking two years of consecutive quarterly growth
  - B2B cable revenue grew 11% YoY supported by organic customer growth
  - Reported net loss of €13 million compared to net earnings of €90 million in prior-year period, as lower gains on our derivative portfolio and higher foreign exchange losses were only partially offset by growth in Adjusted EBITDA<sup>6</sup>
  - Adjusted EBITDA grew 3% YoY to €469 million, supported by revenue growth and disciplined cost control, partially offset by the negative net impact of COVID-19
  - Operating FCF<sup>7</sup> (Adjusted EBITDA less property and equipment additions) of €274 million, representing a 17.5% YoY increase
- Completed our analogue TV switch-off program and implemented an average 40% increase in download and upload internet speeds for all our customers in April 2021. On track to be able to offer nationwide 1 Gbps download speeds to all our customers by 2022
- 2021 guidance<sup>8</sup> reiterated: 1%-3% Adjusted EBITDA growth and €550 - €650 million cash distribution guidance

### Jeroen Hoencamp, VodafoneZiggo CEO, commented:

“In the first quarter we continued to invest in the Dutch Gigabit society and deliver essential high-speed connectivity and entertainment through our GigaNet. We upgraded all our customers to faster internet speeds, launched SmartWiFi offers to improve the in-home experience, switched off legacy analogue TV, and are on track to be able to offer nationwide 1 Gbps download speeds to all customers by 2022. We continued to increase Fixed Mobile Convergence penetration, and recorded robust B2B cable results, supporting overall strong revenue and Adjusted EBITDA growth in the quarter despite an adverse impact from the pandemic. Consequently, we are reconfirming our 2021 full year guidance.”

## Consumer performance for Q1 2021:

Total consumer revenue grew 2% in Q1 2021

### Fixed:

Consumer cable revenue<sup>9</sup> grew 2.5% in Q1 2021

- Revenue growth was primarily driven by a 4% YoY increase of Consumer cable ARPU, more than offsetting the impact of a decline in our customer base
- Internet RGUs decreased by 17,000, primarily driven by increased market competition
- Introduced SmartWiFi app to help our customers improve their in-home broadband experience, complementing our SmartWiFi package
- Added 102,000 new customers to our next-generation 4K video platform Mediabox Next, bringing the total to 670,000 customers, which represents 22% of our enhanced video base
- Increased download and upload internet speeds for all our customers in April 2021, now offering 75/300/600/1000 Mbps download speed tiers
- Successful completion of our analogue TV switch-off program in April 2021, supporting network capacity upgrade and enhancing all customers' viewing experience through digital TV
- 42% of our footprint is now connected to 1 Gbps speeds as part of our DOCSIS 3.1 roll-out. We are on track to achieve an 80% penetration by the end of 2021 with nationwide coverage in 2022

### Mobile:

Consumer mobile revenue<sup>10</sup> was stable in Q1 2021

- Stable revenue was the result of strong customer base growth offset by a decrease of ARPU
  - Consumer postpaid ARPU decreased 5% YoY to €18, primarily driven by (i) differences in phasing of converged discounts compared to the prior-year period and (ii) reduced out-of-bundle roaming revenue associated with COVID-19 travel restrictions
- We added 25,000 net mobile postpaid customers, supported by low mobile postpaid churn
- Introduced Vodafone new brand position with 'Together We Can' slogan, showcasing collaboration between the human spirit and technology innovation to build a better future

## Business performance for Q1 2021:

Total B2B revenue grew 2% in Q1 2021

### Fixed:

B2B cable revenue<sup>11</sup> grew 11% in Q1 2021

- Revenue growth was primarily driven by growth of our SOHO (“Small Office Home Office”) and Small Business customer base and increasing demand for our Unified Communication portfolio
  - SOHO cable ARPU increased 3% YoY to €62 and Small Business cable ARPU increased 2% YoY to €84
- We added 7,000 SoHo/Small Business customers and 14,500 fixed RGUs

Mobile:

B2B mobile revenue<sup>12</sup> decreased 7% in Q1 2021

- Revenue decline was primarily driven by (i) lower roaming out-of-bundle and visitor revenue related to COVID-19 travel restrictions, (ii) pricing pressure in the large corporate segment partially offset by (iii) customer base growth
  - B2B postpaid ARPU decreased 12% YoY to €16 driven by the aforementioned revenue headwinds
- We added 36,000 net mobile postpaid customers

**Financial highlights for Q1 2021<sup>1</sup>:**

- Revenue grew 2% YoY, primarily driven by customer base growth and fixed ARPU growth, which more than offset €13 million of estimated COVID-19 related headwinds, the majority of which related to reduction in revenue from roaming, visitor and handset sales
- Reported net loss of €13 million, primarily driven by (i) lower realized and unrealized gains on derivative instruments, (ii) higher foreign currency transaction losses, partially offset by (iii) Adjusted EBITDA growth
- Adjusted EBITDA increased 3% YoY to €469 million, marking eleven consecutive quarters of growth, supported by strong revenue growth and cost control, which more than offset the negative net impact of COVID-19
  - COVID-19 related revenue headwinds were partially offset by lower roaming, handset, personnel and marketing costs, resulting in an estimated negative net impact to our Adjusted EBITDA of €3 million during Q1 2021
- Property and equipment additions<sup>13</sup> were 19% of revenue
  - Q1 additions were €28 million lower YoY, primarily driven by lower investment in fixed and mobile network and consolidation of IT systems as compared to the prior-year period
- In July 2020, as part of multiband spectrum auction, we renewed our existing mobile spectrum license in 2100 MHz band for €163 million with a term of 20 years. This license was activated in January 2021
- Operating FCF increased 17.5% YoY to €274 million, representing 27% of revenue compared to €234 million or 23.5% of revenue in the prior-year period primarily as a result of the aforementioned Adjusted EBITDA growth and a decrease in property and equipment additions
- During the quarter, our cash returns to shareholders were €22 million of interest on the Shareholder Notes
- At March 31, 2021, our fully-swapped third-party debt borrowing cost<sup>14</sup> was 4.2% and the average tenor of our third-party debt (excluding vendor and handset financing obligations) was 7.4 years
- In February 2021, we refinanced \$200 million of our existing 5.5% Senior Secured Notes due 2027 by the issuance of an additional \$200 million of our 4.875% Senior Secured Notes due 2030. This transaction was leverage neutral, and resulted in an increase in our debt tenor and future interest savings

- In relation to the inaugural Green Bond issuance in December 2020, we published our Green Bond progress report in April 2021 to highlight the funding allocation to various eligible green projects and the positive environmental impact of these investments over the period 2018 - 2020
  - Today we use 100% wind energy and recycle and reuse all our network materials. Through the launch of our first Green Bond, we further commit ourselves to meet our ambitious Corporate Social Responsibility ("CSR") goals whilst enabling us to continue to invest in projects to lower our environmental impact
  - €785.6 million funding identified and allocated to eligible green projects, exceeding the minimum required amount equal to the €700 million Green Bond proceeds
  - Emissions cut by more than 2 million kg CO<sub>2</sub> (16%) and reduction of energy use in networks and buildings by more than 6,000 MWh (2%), while fixed network data traffic increased over 70% and mobile network data traffic increased by 95% over the period
- At March 31, 2021, total third-party debt (excluding vendor financing, other debt and lease obligations) was €9.6 billion, which is an increase of €0.2 billion from December 31, 2020 related to the strengthening of the USD. 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 €9.2 billion at March 31, 2021, which is unchanged from December 31, 2020. For information concerning the debt balances used in our covenant calculations, see Covenant Debt Information below
- At March 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 3.67x and (ii) the ratio of Total Net Debt to Annualized EBITDA (last two quarters annualized) was 4.68x, 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 5.54x at March 31, 2021
- At March 31, 2021, we had maximum undrawn Revolving Credit Facility commitments of €800 million. When our Q1 compliance reporting requirements have been completed and assuming no changes from March 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 March 31,	
	2021	2020
<b>Footprint</b>		
Homes Passed <sup>15</sup>	7,298,100	7,265,300
<b>Fixed-Line Customer Relationships<sup>16</sup></b>		
Fixed-Line Customers	3,816,100	3,868,900
Q1 organic Fixed-Line Customer net losses	(20,200)	(6,200)
RGUs per Fixed-Line Customer	2.46	2.49
Q1 Monthly ARPU per Fixed-Line Customer	€ 51	€ 49
<b>Fixed Customer Bundling</b>		
Single-Play	11.9%	12.6%
Double-Play	30.2%	26.1%
Triple-Play	57.9%	61.2%
<b>Mobile SIMs<sup>4</sup></b>		
Postpaid	4,817,900	4,556,000
Prepaid	415,000	545,500
Total Mobile	5,232,900	5,101,500
Q1 organic Postpaid net additions	60,700	72,200
Q1 organic Prepaid net losses	(17,700)	(35,700)
Total organic Mobile net additions	43,000	36,500
Q1 Monthly Mobile ARPU		
Postpaid (including interconnect revenue)	€ 17	€ 18
Prepaid (including interconnect revenue)	€ 3	€ 3
<b>Convergence<sup>2</sup></b>		
Converged Households	1,465,400	1,384,000
Converged SIMs	2,356,800	2,154,000
Converged Households as % of Internet RGUs	44%	41%
<b>Subscribers (RGUs)</b>		
Basic Video <sup>17</sup>	511,300	487,800
Enhanced Video <sup>18</sup>	3,299,800	3,376,100
Total Video	3,811,100	3,863,900
Internet <sup>19</sup>	3,354,300	3,371,900
Telephony <sup>20</sup>	2,222,900	2,382,800
Total RGUs	9,388,300	9,618,600
<b>Q1 Organic RGU Net Additions (Losses)</b>		
Basic Video	6,400	(3,500)
Enhanced Video	(26,600)	(2,700)
Total Video	(20,200)	(6,200)
Internet	(9,200)	9,800
Telephony	(49,900)	(26,700)
Total organic RGU net losses	(79,300)	(23,100)

## Financial Results, Adjusted EBITDA Reconciliation, Property and Equipment Additions & Operating FCF Reconciliation

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

	Three months ended March 31,		Change in millions, except % amounts
	2021	2020*	
<b>Total revenue</b>			
<b>Consumer cable revenue<sup>9</sup></b>			
Subscription revenue	€ 521.5	€ 512.4	1.8%
Non-subscription revenue	8.2	4.6	78.3%
Total consumer cable revenue	529.7	517.0	2.5%
<b>Consumer mobile revenue<sup>10</sup></b>			
Service revenue	156.7	157.1	(0.3%)
Non-service revenue	60.1	60.5	(0.7%)
Total consumer mobile revenue	216.8	217.6	(0.4%)
Total consumer revenue	746.5	734.6	1.6%
<b>B2B cable revenue<sup>11</sup></b>			
Subscription revenue	128.5	115.3	11.4%
Non-subscription revenue	3.7	3.9	(5.1%)
Total B2B cable revenue	132.2	119.2	10.9%
<b>B2B mobile revenue<sup>12</sup></b>			
Service revenue	90.9	98.1	(7.3%)
Non-service revenue	29.7	31.1	(4.5%)
Total B2B mobile revenue	120.6	129.2	(6.7%)
Total B2B revenue	252.8	248.4	1.8%
Other revenue <sup>21</sup>	10.2	8.9	14.6%
<b>Total revenue</b>	<b>€1,009.5</b>	<b>€ 991.9</b>	<b>1.8 %</b>
Adjusted EBITDA <sup>6</sup>	€ 468.9	€ 456.2	2.8%
Adjusted EBITDA as a percentage of revenue	46.4 %	46.0 %	

\* Certain revenue amounts have been reclassified to conform to our 2021 presentation.

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

	Three months ended March 31,	
	2021	2020
	in millions	
Net earnings (loss) .....	€ (13.2)	€ 90.4
Income tax expense (benefit) .....	(4.4)	22.9
Losses on debt extinguishment, net .....	7.6	29.6
Foreign currency transaction losses, net .....	208.0	126.2
Realized and unrealized gains on derivative instruments, net .....	(237.6)	(333.0)
Interest expense:		
Third-party .....	103.9	118.1
Related-party .....	22.3	19.6
Operating income .....	86.6	73.8
Impairment, restructuring and other operating items, net .....	2.3	2.2
Depreciation and amortization .....	380.0	380.0
Share-based compensation expense .....	—	0.2
Adjusted EBITDA .....	€ 468.9	€ 456.2

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 March 31,	
	2021	2020
	in millions, except % amounts	
Customer premises equipment .....	€ 56.0	€ 52.7
New build and upgrade .....	31.8	35.7
Capacity .....	55.5	69.3
Baseline .....	36.0	58.7
Product and enablers .....	15.2	6.3
Property and equipment additions <sup>13</sup> .....	194.5	222.7
Assets acquired under capital-related vendor financing arrangements .....	(122.2)	(114.6)
Assets acquired under finance leases .....	(1.9)	(1.5)
Changes in liabilities related to capital expenditures .....	10.7	(12.4)
Total capital expenditures <sup>22</sup> .....	<u>€ 81.1</u>	<u>€ 94.2</u>
Spectrum license additions <sup>13</sup> .....	€ 163.3	€ —
Changes in liabilities related to spectrum expenditures .....	(163.3)	—
Total cash paid for spectrum licenses .....	<u>€ —</u>	<u>€ —</u>
Property and equipment additions as a percentage of revenue .....	<u>19.3 %</u>	<u>22.5 %</u>
<b>Operating FCF<sup>7</sup> Reconciliation</b>		
Adjusted EBITDA .....	€ 468.9	€ 456.2
Property and equipment additions .....	(194.5)	(222.7)
Operating FCF .....	<u>€ 274.4</u>	<u>€ 233.5</u>
Operating FCF as a percentage of revenue .....	<u>27.2 %</u>	<u>23.5 %</u>



## Third-Party Debt and Cash

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

	March 31, 2021		December 31, 2020	
	Borrowing currency	€ equivalent		
		in millions		
<b>Credit Facilities</b>				
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	2,148.9	2,065.4
Financing Facility	€	77.7	77.7	151.4
€800.0 million Ziggo Revolving Facilities EUR due 2026			—	—
<b>Total Credit Facilities</b>			<b>4,476.6</b>	<b>4,466.8</b>
<b>Senior Secured Notes</b>				
5.50% USD Senior Secured Notes due 2027	\$	1,600.0	1,361.7	1,472.3
4.25% EUR Senior Secured Notes due 2027	€	620.0	620.0	620.0
4.875% USD Senior Secured Notes due 2030	\$	991.0	843.4	647.0
2.875% EUR Senior Secured Notes due 2030	€	502.5	502.5	502.5
<b>Total Senior Secured Notes</b>			<b>3,327.6</b>	<b>3,241.8</b>
<b>Senior Notes</b>				
3.375% EUR Senior Notes due 2030	€	900.0	900.0	900.0
6.00% USD Senior Notes due 2027	\$	625.0	531.9	511.2
5.125% USD Senior Notes due 2030	\$	500.0	425.5	409.0
<b>Total Senior Notes</b>			<b>1,857.4</b>	<b>1,820.2</b>
Vendor financing			999.3	999.4
Other debt <sup>23</sup>			174.9	173.4
Finance leases			22.3	22.2
<b>Total third-party debt and finance lease obligations</b>			<b>10,858.1</b>	<b>10,723.8</b>
Unamortized premiums, discounts and deferred financing costs, net			(49.9)	(58.5)
<b>Total carrying amount of third-party debt and finance lease obligations</b>			<b>10,808.2</b>	<b>10,665.3</b>
Less: cash and cash equivalents			326.5	300.9
<b>Net carrying amount of third-party debt and finance lease obligations<sup>24</sup></b>	€	<b>10,481.7</b>	€	<b>10,364.4</b>
Exchange rate (\$ to €)			1.17500	1.22255

## 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<sup>25</sup> and net debt<sup>24</sup> 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 March 31, 2021 and December 31, 2020. These amounts are presented for illustrative purposes only and will likely differ from the actual cash receipts in future periods.

	March 31, 2021	December 31, 2020
in millions		
<b>Total third-party debt and finance lease obligations (€ equivalent)</b> .....	€ 10,858.1	€ 10,723.8
Vendor financing.....	(999.3)	(999.4)
Finance lease obligations.....	(22.3)	(22.2)
Other debt <sup>23</sup> .....	(174.9)	(173.4)
Credit Facility excluded amount.....	(486.0)	(493.2)
Projected principal-related cash receipts associated with our cross-currency derivative instruments.....	(6.6)	183.2
<b>Total covenant amount of third-party gross debt<sup>25</sup></b> .....	<b>9,169.0</b>	<b>9,218.8</b>
Less: cash and cash equivalents*.....	(66.9)	(50.3)
<b>Total covenant amount of third-party net debt<sup>24</sup></b> .....	<b>€ 9,102.1</b>	<b>€ 9,168.5</b>

\* This excludes the cash that is related to the unutilized portion of the Vendor Finance Note facility of €74.9 million and €148.2 million as of March 31, 2021 and December 31, 2020, respectively, as well as the cash that is outside the covenant group, amounting to €184.7 million and €102.1 million as of March 31, 2021 and December 31, 2020, 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.

## Contact Information

### **VodafoneZiggo Investor Relations:**

Caspar Bos +31 625 010 921  
 Wily Ang +31 646 245 128  
 E-mail IR@vodafoneziggo.com

### **VodafoneZiggo Corporate Communications:**

Annick Bettink +31 88 717 0717  
 E-mail pers@vodafoneziggo.com

## About VodafoneZiggo

VodafoneZiggo is a leading Dutch company that provides fixed, mobile and integrated communication and entertainment services to consumers and businesses. As of March 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 8,000 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 has operations in seven European countries under the consumer brands Virgin Media, Telenet, UPC and the combined Sunrise UPC, as well as VodafoneZiggo. Liberty Global delivers market-leading products through next-generation networks that connect customers subscribing to 49 million broadband, video, fixed and mobile telephony services. Liberty Global owns significant investments in ITV, All3Media, Canal+ Polska, LionsGate, the Formula E racing series and several regional sports networks. Vodafone Group is the largest mobile and fixed network operator in Europe and a leading global IoT connectivity provider, operating mobile and fixed networks in 21 countries and partnering with mobile networks in 48 more. As of December 31, 2020, Vodafone Group had over 300 million mobile customers, more than 27 million fixed broadband customers, over 22 million TV customers and connected more than 108 million IoT devices.

## 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. 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 (like Connect Start, Complete and Max) and Vodafone and/or hollandsnieuwe postpaid mobile telephony service.
3. 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 cable, 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 March 31, 2021 RGU counts exclude our separately reported prepaid and postpaid mobile subscribers.
4. 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.
5. 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 cable ARPU"), SOHO ("SOHO cable ARPU") and Small Business ("Small Business cable ARPU") subscribers by dividing the average applicable monthly cable 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.
6. Adjusted EBITDA, previously referred to as Operating Cash Flow ("OCF"), 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 & Operating FCF Reconciliation* section of this release.
7. We define Operating FCF (Free Cash Flow) as Adjusted EBITDA less property and equipment additions. Operating FCF is an additional metric that we use to measure the performance of our operations after considering the level of property and equipment additions incurred during the period. Operating FCF 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.
8. Financial guidance for FY 2021:
  - a. Adjusted EBITDA growth of 1%-3%
  - b. Property and equipment additions of 19-21% of revenue
  - c. €550 - €650 million total cash returns to shareholders

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 6.

Cash returns to our shareholders includes payments for dividends and principal and interest on shareholder loans. 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.

9. Consumer cable revenue is classified as either subscription revenue or non-subscription revenue. Consumer cable 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 cable non-subscription revenue includes, among other items, interconnect, channel carriage fees and late fees.
10. 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.
11. B2B cable revenue is classified as either subscription revenue or non-subscription revenue. B2B cable subscription revenue includes revenue from business broadband internet, video, voice, and data services offered to SOHO, small and medium to large enterprises. B2B cable non-subscription revenue includes, among other items, revenue from hosting services, installation fees, carriage fees and interconnect.
12. 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.
13. 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.
14. 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.
15. 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.
16. 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.
17. Basic Video Subscriber is a home, residential multiple dwelling unit or commercial unit that receives our video service over our broadband network either via an analog video signal or via a digital video signal without subscribing to any recurring monthly service that requires the use of encryption-enabling technology. Encryption-enabling technology includes smart cards, or other integrated or virtual technologies that we use to provide our enhanced service offerings. We count RGUs on a unique premises basis. In other words, a subscriber with multiple outlets in one premises is counted as one RGU and a subscriber with two homes and a subscription to our video service at each home is counted as two RGUs.
18. Enhanced 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 while subscribing to any recurring monthly service that requires the use of encryption-enabling technology. Enhanced 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. An Enhanced Video Subscriber is not counted as a Basic Video Subscriber. As we migrate customers from basic to enhanced video services, we report a decrease in our Basic Video Subscribers equal to the increase in our Enhanced Video Subscribers. Subscribers to enhanced video services provided by our operations over partner networks receive basic video services from the partner networks as opposed to our operations.
19. Internet Subscriber is a home, residential multiple dwelling unit or commercial unit that receives 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 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 cable revenue is derived from SOHO, Small Business and Multiple Dwelling Units 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 Units 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 Units subscribers, we generally do not count customers of B2B cable 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.