VodafoneZiggo Reports Preliminary Q2 2021 Results

Achieved 3% Revenue Growth; Reconfirming 2021 Guidance

Utrecht, the Netherlands — July 29, 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[1] and operating information for the three months ("Q2") and six months ("H1" or "YTD") ended June 30, 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 June 30, 2021 unaudited condensed consolidated financial statements prior to the end of August 2021, at which time the report will be posted to our website.

Highlights for Q2 2021:

- Robust commercial performance:
    - Added 14,000 converged[2] households and 50,000 converged SIMs, driving our converged penetration rate to 44% of internet RGUs[3] and 72% of consumer mobile postpaid SIMs[4]
    - Added 56,000 mobile postpaid SIMs, bringing the YTD total to 117,000 net additions
    - Delivered 3% fixed ARPU[5] growth. Total internet RGUs declined by 6,000, compared to a 9,000 decline in the previous quarter, to a total of 3.35 million internet customers
- Strong financial growth and cash flow conversion:
    - Revenue grew 3% YoY, marking our ninth consecutive quarter of growth, primarily driven by customer base growth and fixed ARPU growth
    - Net loss decreased 92% YoY to €13 million, as lower losses on our derivative portfolio more than offset lower foreign currency exchange gains
    - Adjusted EBITDA[6] decreased 2% YoY to €473 million, primarily due to the positive impact of certain benefits in the prior-year period, which more than offset the Adjusted EBITDA growth driven by strong revenue growth and disciplined cost control
    - Operating FCF[7] (Adjusted EBITDA less property and equipment additions) of €244 million, representing 24% of revenue
- Successfully tested 26 GHz band for commercial 5G mobile deployment. We started the analogue radio switch-off on our cable network and remain on track to offer 1 Gbps download speeds nationwide by 2022
- Reconfirming 2021 guidance[8]: 1%-3% Adjusted EBITDA growth and €550 - €650 million cash distribution guidance

Jeroen Hoencamp, VodafoneZiggo CEO, commented:

"Our second quarter results show good momentum, with strong mobile customer growth, an increase in Fixed Mobile Convergence penetration, and a stable broadband customer base. We are well positioned to continue to invest in the Dutch Gigabit society, with our 1 Gigabit national roll-out program, nationwide 5G coverage, SmartWiFi offers, faster internet speeds, and the switch-off of analogue radio, to deliver high-speed connectivity and entertainment through our GigaNet. Revenue growth remained strong as we yet again recorded robust cable results, and as mobile handset sales and roaming revenue started to recover. Therefore, we are reconfirming our 2021 full year guidance."

Consumer performance for Q2 and H1 2021:

Total consumer revenue grew 2% YoY in Q2 and H1 2021

Fixed:

Consumer cable revenue[9] grew 1% YoY in Q2 and 2% YoY in H1 2021

- Q2 revenue growth was primarily driven by a 3% YoY increase in Consumer cable ARPU, more than offsetting the impact of a modest decline in our customer base
- Internet RGUs decreased by 13,500, as we focused on managing our customer base alongside our annual price actions, compared to a 17,000 decrease in the previous quarter
- Internet only package launched in June 2021 to complement our existing portfolio. The increased roll-out of SmartWiFi from 650,000 to 1 million by the end of 2021 combined with a 40% average increase in download and upload internet speeds will further strengthen our commitment to provide a truly fast and stable internet connection
- As part of our DOCSIS 3.1 roll-out, 3.4 million households were connected to 1 Gbps speeds in June 2021, representing 47% of our cable footprint. We are on track to achieve 80% penetration by the end of 2021, with nationwide coverage in 2022
- Strong progress on Mediabox Next roll-out continues as 1.6 million customers (52% of our enhanced video base) have the next-generation 4K video platform, including the upgraded Mediabox XL boxes, and we continue to integrate more content related OTT apps into the platform
- Having successfully switched off analogue TV, we have started switching over to digital radio in July 2021 to further expand our GigaNet capacity. The analogue radio switch-off program is expected to be completed by the end of 2021

Mobile:

Consumer mobile revenue[10] grew 4% YoY in Q2 and 2% YoY in H1 2021

- Strong Q2 revenue growth was primarily driven by (i) higher handset sales volumes, (ii) strong customer base growth, partially offset by (iii) ARPU decrease
    - Consumer postpaid ARPU decreased 1% YoY to €18, primarily driven by (i) differences in phasing of converged discounts compared to the prior-year period and (ii) reduced national out-of-bundle revenue
- We added 37,000 net mobile postpaid customers in Q2 and 62,000 in H1, benefiting from record low mobile postpaid churn
- First operator in the Netherlands to successfully test the 26 GHz band in a commercial mobile network, in our 5G Hub in Eindhoven together with our partner Ericsson. This frequency band enables the transmission of very large amounts of data with ultra-low latency

Business performance for Q2 and H1 2021:

Total B2B revenue grew 4% YoY in Q2 and 3% YoY in H1 2021

Fixed:

B2B cable revenue[11] grew 7% YoY in Q2 and 9% YoY in H1 2021

- Revenue growth in Q2 and in H1 was primarily driven by growth in our SOHO ("Small Office Home Office") and Small Business customer base, and by increasing demand for our Unified Communication portfolio
    - Q2 SOHO cable ARPU increased 3% YoY to €62 and Q2 Small Business cable ARPU increased 1% YoY to €84
- We added 4,000 SOHO/Small Business customers subscribing to 7,000 Internet RGUs in Q2
- Successful expansion of Vodafone Business Marketplace with double digit revenue growth as compared to the previous quarter. The Marketplace offers a one-stop shop solution for all our Vodafone Business customers, to access a range of specific business apps such as Microsoft Office 365, to increase team collaboration and productivity
- 17,000 new Unified Communication seats added in Q2

Mobile:

B2B mobile revenue[12] grew 1% YoY in Q2 and decreased 3% YoY in H1 2021

- Q2 revenue growth was primarily driven by (i) higher handset sales volumes, (ii) customer base growth, (iii) higher roaming and visitor revenue, partially offset by (iv) continued price pressure in the large corporate segment and (v) lower national out-of-bundle revenue
    - Q2 B2B postpaid ARPU decreased 10% YoY to €16 driven by pricing pressure in the large corporate segment and lower national out-of-bundle revenue
- 19,000 net mobile postpaid customers added in Q2. H1 net additions of 55,000, growing 15,000 faster compared to the prior-year period

Financial highlights for Q2 and H1 2021[1]:

- Revenue grew 3% YoY in Q2 and 2% YoY in H1, primarily driven by customer base growth and fixed ARPU growth, which more than offset mobile postpaid ARPU decrease
- Reported net loss of €13 million in Q2, primarily driven by lower realized and unrealized losses on derivative instruments, partially offset by lower foreign currency transaction gains
    - H1 net loss decreased 66% YoY to €26 million, primarily driven by (i) higher realized and unrealized gains on derivative instruments, (ii) changes in income tax expense, partially offset by (iii) higher foreign currency transaction losses
- Adjusted EBITDA decreased 2% YoY to €473 million in Q2, primarily driven by the positive impact of certain benefits in the prior-year period, which more than offset strong revenue growth and disciplined cost control

- In the prior-year period, we received a non-recurring settlement of €11 million in relation to prior period network usage
- In Q2 2020, during the early stages of the COVID-19 pandemic, we incurred lower Ziggo Sport production costs and postponed the amortization of certain sport broadcasting rights after live broadcasting was temporarily suspended. We estimate the positive net impact of these temporary broadcasting suspensions was €10 million
- On a YTD basis, Adjusted EBITDA remained stable YoY at €942 million, as strong revenue growth and disciplined cost control were offset by the benefits in the prior-year period

- Property and equipment additions[13] were 23% of revenue in Q2 and 21% in H1
  - Q2 additions were €22.5 million higher YoY, primarily driven by higher customer premises equipment and investment in mobile network, compared to the prior-year period
- Operating FCF decreased 12% YoY to €244 million in Q2, representing 24% of revenue compared to €277 million or 28% of revenue in the prior-year period, primarily due to the decrease in Adjusted EBITDA and the increase in property and equipment additions
  - H1 operating FCF increased 2% YoY to €518 million
- During the quarter, we paid €230 million of dividends and €23 million of interest on the Shareholder Notes, bringing the YTD shareholder cash returns total to €275 million
- In July 2021, we paid the remaining installment of spectrum license fees to the Dutch government with a total of €212 million, consisting of €208 million of principal and €4 million of statutory 2% interest rate. The principal payment was fully funded by new shareholder loans
- At June 30, 2021, our fully-swapped third-party debt borrowing cost[14] was 4.2% and the average tenor of our third-party debt (excluding vendor and handset financing obligations) was 7.2 years
- At June 30, 2021, total third-party debt (excluding vendor financing, other debt and lease obligations) was €9.5 billion, which is a decrease of €0.1 billion from March 31, 2021 related to the weakening 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 €9.1 billion at June 30, 2021, which is a decrease of €0.1 billion from March 31, 2021. For information concerning the debt balances used in our covenant calculations, see Covenant Debt Information below
- At June 30, 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 3.59x and (ii) the ratio of Total Net Debt to Annualized EBITDA (last two quarters annualized) was 4.56x, 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 5.40x at June 30, 2021
- At June 30, 2021, we had maximum undrawn Revolving Credit Facility commitments of €800 million. When our Q2 compliance reporting requirements have been completed and assuming no changes from June 30, 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 June 30, 2021	2020
Footprint		
Homes Passed[15]	7,311,900	7,278,400
Fixed-Line Customer Relationships[16]		
Fixed-Line Customers	3,794,900	3,870,700
Q2 organic Fixed-Line Customer net additions (losses)	(21,100)	1,800
RGUs per Fixed-Line Customer	2.45	2.48
Q2 Monthly ARPU per Fixed-Line Customer	€ 51	€ 50
Fixed Customer Bundling		
Single-Play	11.6%	12.5%
Double-Play	31.3%	27.0%
Triple-Play	57.0%	60.5%
Mobile SIMs[4]		
Postpaid	4,873,700	4,614,400
Prepaid	396,300	490,000
Total Mobile	5,270,000	5,104,400
Q2 organic Postpaid net additions	55,900	58,400
Q2 organic Prepaid net losses	(18,700)	(55,500)
Total organic Mobile net additions	37,200	2,900
Q2 Monthly Mobile ARPU		
Postpaid (including interconnect revenue)	€ 17	€ 18
Prepaid (including interconnect revenue)	€ 4	€ 3
Convergence[2]		
Converged Households	1,479,100	1,412,000
Converged SIMs	2,407,000	2,201,000
Converged Households as % of Internet RGUs	44%	42%
Subscribers (RGUs)		
Basic Video[17]	511,000	499,900
Enhanced Video[18]	3,276,600	3,365,800
Total Video	3,787,600	3,865,700
Internet[19]	3,347,800	3,377,900
Telephony[20]	2,177,000	2,354,300
Total RGUs	9,312,400	9,597,900
Q2 Organic RGU Net Additions (Losses)		
Basic Video	(400)	12,100
Enhanced Video	(23,200)	(10,200)
Total Video	(23,600)	1,900
Internet	(6,400)	6,000
Telephony	(45,800)	(28,500)
Total organic RGU net losses	(75,800)	(20,600)

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

The following table reflects preliminary unaudited selected financial results for the three and six months ended June 30, 2021 and 2020:

	Three months ended June 30, 2021	Three months ended June 30, 2020*	Change	Six months ended June 30, 2021	Six months ended June 30, 2020*	Change
	in millions, except % amounts					
Total revenue						
Consumer cable revenue[9]						
Subscription revenue	€ 516.4	€ 515.3	0.2%	€1,037.9	€1,027.7	1.0%
Non-subscription revenue	7.1	3.5	102.9%	15.3	8.1	88.9%
Total consumer cable revenue	523.5	518.8	0.9%	1,053.2	1,035.8	1.7%
Consumer mobile revenue[10]						
Service revenue	159.7	153.5	4.0%	316.4	310.6	1.9%
Non-service revenue	59.3	56.4	5.1%	119.4	116.9	2.1%
Total consumer mobile revenue	219.0	209.9	4.3%	435.8	427.5	1.9%
Total consumer revenue	742.5	728.7	1.9%	1,489.0	1,463.3	1.8%
B2B cable revenue[11]						
Subscription revenue	128.0	118.3	8.2%	256.5	233.6	9.8%
Non-subscription revenue	3.6	4.3	(16.3%)	7.3	8.2	(11.0%)
Total B2B cable revenue	131.6	122.6	7.3%	263.8	241.8	9.1%
B2B mobile revenue[12]						
Service revenue	90.4	95.8	(5.6%)	181.3	193.9	(6.5%)
Non-service revenue	29.7	23.5	26.4%	59.4	54.6	8.8%
Total B2B mobile revenue	120.1	119.3	0.7%	240.7	248.5	(3.1%)
Total B2B revenue	251.7	241.9	4.1%	504.5	490.3	2.9%
Other revenue[21]	14.0	8.5	64.7%	24.2	17.4	39.1%
Total revenue	€1,008.2	€ 979.1	3.0 %	€2,017.7	€1,971.0	2.4%
Adjusted EBITDA[6]	€ 472.9	€ 482.8	(2.1%)	€ 941.8	€ 939.0	0.3%
Adjusted EBITDA as a percentage of revenue	46.9 %	49.3 %		46.7 %	47.6 %	

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

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

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
	in millions			
Net loss	€ (13.0)	€ (168.0)	€ (26.2)	€ (77.7)
Income tax expense (benefit)	(3.4)	30.5	(7.8)	53.4
Other expense, net	—	0.1	—	0.1
Losses on debt extinguishment, net	—	—	7.6	29.6
Foreign currency transaction losses (gains), net	(44.2)	(137.0)	163.8	(10.8)
Realized and unrealized losses (gains) on derivative instruments, net	2.3	208.0	(235.3)	(125.0)
Interest expense:				
Third-party	104.0	110.3	207.9	228.5
Related-party	22.6	19.7	44.9	39.3
Operating income	68.3	63.6	154.9	137.4
Impairment, restructuring and other operating items, net	13.0	1.1	15.3	3.3
Depreciation and amortization	391.1	418.0	771.1	798.0
Share-based compensation expense	0.5	0.1	0.5	0.3
Adjusted EBITDA	€ 472.9	€ 482.8	€ 941.8	€ 939.0

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 June 30,		Six months ended June 30,	
	2021	**2020**	**2021**	**2020**
	in millions, except % amounts			
Customer premises equipment	€ 52.7	€ 37.0	€ 108.7	€ 89.7
New build and upgrade	33.7	35.0	65.5	70.7
Capacity	63.5	59.1	119.0	128.4
Baseline*	50.2	48.3	80.1	83.6
Product and enablers*	28.8	26.8	50.1	56.5
Property and equipment additions[13]	228.9	206.2	423.4	428.9
Assets acquired under capital-related vendor financing arrangements	(129.8)	(116.2)	(252.0)	(230.8)
Assets acquired under finance leases	(1.2)	(8.8)	(3.1)	(10.3)
Changes in liabilities related to capital expenditures	(21.2)	22.7	(10.5)	10.3
Total capital expenditures[22]	€ 76.7	€ 103.9	€ 157.8	€ 198.1
Spectrum license additions[13]	€ —	€ —	€ 163.3	€ —
Changes in liabilities related to spectrum expenditures	—	—	(163.3)	—
Total cash paid for spectrum licenses	€ —	€ —	€ —	€ —
Property and equipment additions as a percentage of revenue	22.7 %	21.1 %	21.0 %	21.8 %
Operating FCF[7] Reconciliation				
Adjusted EBITDA	€ 472.9	€ 482.8	€ 941.8	€ 939.0
Property and equipment additions	(228.9)	(206.2)	(423.4)	(428.9)
Operating FCF	€ 244.0	€ 276.6	€ 518.4	€ 510.1
Operating FCF as a percentage of revenue	24.2 %	28.3 %	25.7 %	25.9 %

* During the quarter, 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 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.

		June 30, 2021		March 31, 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	2,131.1	2,148.9
Financing Facility	€	22.7	22.7	77.7
€800.0 million Ziggo Revolving Facilities EUR due 2026			—	—
Total Credit Facilities			4,403.8	4,476.6
Senior Secured Notes				
5.50% USD Senior Secured Notes due 2027	$	1,600.0	1,350.4	1,361.7
4.25% EUR Senior Secured Notes due 2027	€	620.0	620.0	620.0
4.875% USD Senior Secured Notes due 2030	$	991.0	836.4	843.4
2.875% EUR Senior Secured Notes due 2030	€	502.5	502.5	502.5
Total Senior Secured Notes			3,309.3	3,327.6
Senior Notes				
3.375% EUR Senior Notes due 2030	€	900.0	900.0	900.0
6.00% USD Senior Notes due 2027	$	625.0	527.5	531.9
5.125% USD Senior Notes due 2030	$	500.0	422.0	425.5
Total Senior Notes			1,849.5	1,857.4
Vendor financing			999.0	999.3
Other debt[23]			168.9	174.9
Finance leases			20.7	22.3
Total third-party debt and finance lease obligations			10,751.2	10,858.1
Unamortized premiums, discounts and deferred financing costs, net			(48.0)	(49.9)
Total carrying amount of third-party debt and finance lease obligations			10,703.2	10,808.2
Less: cash and cash equivalents			178.0	326.5
Net carrying amount of third-party debt and finance lease obligations[24]			€ 10,525.2	€ 10,481.7
Exchange rate ($ to €)			1.18485	1.17500

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 June 30, 2021 and March 31, 2020. These amounts are presented for illustrative purposes only and will likely differ from the actual cash receipts in future periods.

	June 30, 2021	March 31, 2021
	in millions	
Total third-party debt and finance lease obligations (€ equivalent)	€ 10,751.2	€ 10,858.1
Vendor financing	(999.0)	(999.3)
Finance lease obligations	(20.7)	(22.3)
Other debt[23]	(168.9)	(174.9)
Credit Facility excluded amount	(493.8)	(486.0)
Projected principal-related cash receipts associated with our cross-currency derivative instruments	20.7	(6.6)
Total covenant amount of third-party gross debt[25]	9,089.5	9,169.0
Less: cash and cash equivalents*	(79.7)	(66.9)
Total covenant amount of third-party net debt[24]	€ 9,009.8	€ 9,102.1

* This excludes the cash that is related to the unutilized portion of the Vendor Finance Note facility of €14.6 million and €74.9 million as of June 30, 2021 and March 31, 2021, respectively, as well as the cash that is outside the covenant group, amounting to €83.7 million and €184.7 million as of June 30, 2021 and March 31, 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 June 30, 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 delivers next-generation products through advanced fiber and 5G networks that connect 85 million subscribers across Europe and United Kingdom. Liberty Global operates 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 50 companies across content, technology and infrastructure, including strategic stakes in companies like Plume, ITV, Lions Gate, Univision, 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 49 more. As of March 31, 2021, Vodafone Group had over 300 million mobile customers, more than 27 million fixed broadband customers, over 22 million TV customers and connected more than 123 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 June 30, 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 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 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.

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.