



## **VodafoneZiggo Group B.V.**

**Quarterly Report  
March 31, 2021**

**VodafoneZiggo Group B.V.  
Boven Vredenburgpassage 128,  
3511 WR Utrecht  
The Netherlands**

**VODAFONEZIGGO GROUP B.V.**  
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**VODAFONEZIGGO GROUP B.V.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**(unaudited)**

	<b>March 31,</b>	<b>December 31,</b>
	<b>2021</b>	<b>2020</b>
	<b>in millions</b>	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents .....	€ 326.5	€ 300.9
Trade receivables, net .....	172.5	167.2
Related-party receivables (note 10) .....	45.0	33.6
Prepaid expenses .....	36.8	41.2
Derivative instruments (note 4) .....	50.0	51.1
Contract assets (note 3) .....	155.6	154.0
Other current assets, net (note 3) .....	117.7	124.9
Total current assets .....	904.1	872.9
Property and equipment, net (note 6 and 8) .....	4,846.4	4,877.3
Goodwill (note 6) .....	7,375.5	7,375.5
Intangible assets subject to amortization, net (note 6) .....	5,594.8	5,586.4
Long-term contract assets (note 3) .....	62.0	60.0
Other assets, net (notes 3, 4 and 8) .....	525.8	556.2
Total assets .....	€ 19,308.6	€ 19,328.3

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

**VODAFONEZIGGO GROUP B.V.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS — (Continued)**  
**(unaudited)**

		<b>March 31,</b>	<b>December 31,</b>
		<b>2021</b>	<b>2020</b>
		<b>in millions</b>	
<b>LIABILITIES AND OWNER'S EQUITY</b>			
Current liabilities:			
Accounts payable (note 10).....	€	256.3	€ 312.5
Accrued and other current liabilities (note 6, 8 and 10).....		626.9	389.8
Deferred revenue and advance payments from subscribers and others (note 3).....		208.9	208.0
VAT payable.....		143.7	140.9
Derivative instruments (note 4).....		87.4	82.6
Accrued interest (notes 7).....		91.2	136.8
Current portion of third-party debt and finance lease obligations (notes 7 and 8).....		1,082.7	1,156.8
Total current liabilities.....		<u>2,497.1</u>	<u>2,427.4</u>
Long-term debt and finance lease obligations (notes 7 and 8):			
Third-party.....		9,725.5	9,508.5
Related-party (note 10).....		1,607.9	1,607.9
Deferred income taxes (note 9).....		1,165.8	1,173.9
Other long-term liabilities (notes 3, 4 and 8).....		880.3	1,165.3
Total liabilities.....		<u>15,876.6</u>	<u>15,883.0</u>
Commitments and contingencies (notes 4, 10 and 11)			
Total owner's equity.....			
		<u>3,432.0</u>	<u>3,445.3</u>
Total liabilities and owner's equity.....	€	<u>19,308.6</u>	€ <u>19,328.3</u>

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

**VODAFONEZIGGO GROUP B.V.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(unaudited)**

	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2021</b>	<b>2020</b>
	<b>in millions</b>	
Revenue (notes 3, 10 and 12) .....	€ 1,009.5	€ 991.9
Operating costs and expenses (exclusive of depreciation and amortization, shown separately below):		
Programming and other direct costs of services (notes 3 and 10) .....	212.6	209.2
Other operating (notes 3 and 10) .....	121.8	123.1
Selling, general and administrative (SG&A) (note 10) .....	145.9	144.0
Charges for JV Services (note 10) .....	60.3	59.6
Depreciation and amortization .....	380.0	380.0
Impairment, restructuring and other operating items, net .....	2.3	2.2
	922.9	918.1
Operating income .....	86.6	73.8
Non-operating income (expense):		
Interest expense:		
Third-party .....	(103.9)	(118.1)
Related-party (note 10) .....	(22.3)	(19.6)
Realized and unrealized gains on derivative instruments, net (note 4) .....	237.6	333.0
Foreign currency transaction losses, net .....	(208.0)	(126.2)
Losses on debt extinguishment, net (note 7) .....	(7.6)	(29.6)
	(104.2)	39.5
Earnings (loss) before income taxes .....	(17.6)	113.3
Income tax benefit (expense) (note 9) .....	4.4	(22.9)
Net earnings (loss) .....	€ (13.2)	€ 90.4

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

**VODAFONEZIGGO GROUP B.V.**  
**CONDENSED CONSOLIDATED STATEMENT OF OWNER'S EQUITY**  
**(unaudited)**

	<b>in millions</b>
Total owner's equity at January 1, 2021.....	€ 3,445.3
Net loss.....	(13.2)
Other.....	(0.1)
Total owner's equity at March 31, 2021.....	<u>€ 3,432.0</u>

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

**VODAFONEZIGGO GROUP B.V.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(unaudited)**

	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2021</b>	<b>2020</b>
	<b>in millions</b>	
Cash flows from operating activities:		
Net earnings (loss) .....	€ (13.2)	€ 90.4
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:		
Share-based compensation expense .....	—	0.2
Depreciation and amortization .....	380.0	380.0
Impairment, restructuring and other operating items, net .....	2.3	2.2
Amortization of debt premiums, deferred financing costs and non-cash interest .....	2.1	2.1
Realized and unrealized gains on derivative instruments, net .....	(237.6)	(333.0)
Foreign currency transaction losses, net .....	208.0	126.2
Losses on debt extinguishment, net .....	7.6	29.6
Deferred income tax expense (benefit) .....	(8.1)	22.9
Changes in operating assets and liabilities .....	(25.9)	(64.0)
Net cash provided by operating activities .....	315.2	256.6
Cash flows from investing activities:		
Capital expenditures .....	(81.1)	(94.2)
Other investing activities, net .....	(0.2)	0.5
Net cash used by investing activities .....	€ (81.3)	€ (93.7)

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

**VODAFONEZIGGO GROUP B.V.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS — (Continued)**  
**(unaudited)**

	Three months ended	
	March 31,	
	2021	2020
	in millions	
Cash flows from financing activities:		
Repayments of third-party debt and finance lease obligations .....	€ (391.0)	€ (2,181.2)
Borrowings of third-party debt .....	184.5	1,979.0
Payment of financing costs and debt premiums .....	0.6	(53.3)
Other financing activities, net .....	(0.3)	(0.8)
Net cash used by financing activities .....	(206.2)	(256.3)
Effect of exchange rate changes on cash and cash equivalents and restricted cash .....	0.1	2.6
Net increase (decrease) in cash and cash equivalents and restricted cash .....	27.8	(90.8)
Cash and cash equivalents and restricted cash:		
Beginning of period .....	302.1	207.1
End of period .....	€ 329.9	€ 116.3
Cash paid for third-party interest .....	€ 149.7	€ 171.1
Cash paid for related-party interest .....	€ 22.3	€ 19.6
Details of end of period cash and cash equivalents and restricted cash:		
Cash and cash equivalents .....	€ 326.5	€ 108.8
Restricted cash included in other current assets, net .....	3.4	7.5
Total cash and cash equivalents and restricted cash .....	€ 329.9	€ 116.3

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



**VODAFONEZIGGO GROUP B.V.**  
**Notes to Condensed Consolidated Financial Statements**  
**March 31, 2021**  
**(unaudited)**

**(1) Basis of Presentation**

VodafoneZiggo Group B.V. (**VodafoneZiggo**) provides video, broadband internet, fixed-line telephony and mobile services to residential and business-to-business (**B2B**) customers in the Netherlands. In these notes, the terms “we,” “our,” “our company” and “us” may refer, as the context requires, to VodafoneZiggo or collectively to VodafoneZiggo and its subsidiaries.

VodafoneZiggo is a wholly-owned subsidiary of VodafoneZiggo Group Holding B.V. (**VodafoneZiggo Group Holding**). VodafoneZiggo Group Holding is a 50:50 joint venture (the **VodafoneZiggo JV**) between Vodafone Group Plc (**Vodafone**) and Liberty Global plc (**Liberty Global**) (each a “**Shareholder**”).

Our unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (**GAAP**) and do not include all of the information required by GAAP for complete financial statements. In the opinion of management, these financial statements reflect all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the results of operations for the interim periods presented. The results of operations for any interim period are not necessarily indicative of results for the full year. These unaudited condensed consolidated financial statements should be read in conjunction with our GAAP 2020 consolidated financial statements and notes thereto included in our 2020 annual report.

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

Our functional currency is the euro (€). Unless otherwise indicated, convenience translations into euros are calculated as of March 31, 2021.

Certain prior period amounts have been reclassified to conform to the current period presentation.

These unaudited condensed consolidated financial statements reflect our consideration of the accounting and disclosure implications of subsequent events through May 21, 2021, the date of issuance.

**(2) Accounting Changes and Recent Accounting Pronouncements**

***Accounting Changes***

***ASU 2019-12***

In December 2019, the Financial Accounting Standards Board (**FASB**) issued Accounting Standards Update (ASU) No. 2019-12, *Simplifying the Accounting for Income Taxes*, which is intended to improve consistency and simplify several areas of existing guidance. ASU 2019-12 removes certain exceptions to the general principles related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. The new guidance also clarifies the accounting for transactions that result in a step-up in the tax basis of goodwill. We adopted ASU 2019-12 on January 1, 2021, and such adoption did not have a significant impact on our condensed consolidated financial statements.

**VODAFONEZIGGO GROUP B.V.**  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**March 31, 2021**  
**(unaudited)**

**(3) Revenue Recognition and Related Costs**

***Contract Balances***

The timing of revenue recognition may differ from the timing of invoicing to our customers. We record a trade receivable when we have transferred goods or services to a customer but have not yet received payment. Our trade receivables are reported net of an allowance for doubtful accounts. Such allowance aggregated €30.9 million and €31.5 million at March 31, 2021, and December 31, 2020, respectively.

If we transfer goods or services to a customer but do not have an unconditional right to payment, we record a contract asset. Contract assets typically arise from the uniform recognition of introductory promotional discounts or the delivery of a handset that is paid for over the duration of the contract period. Our contract assets were €217.6 million and €214.0 million as of March 31, 2021, and December 31, 2020, respectively. Our contract assets are reported net of an allowance for doubtful accounts. Such allowance aggregated €5.1 million and €5.5 million at March 31, 2021, and December 31, 2020, respectively.

We record deferred revenue when we receive payment prior to transferring goods or services to a customer. We primarily defer revenue for (i) installation and other upfront services and (ii) other services that are invoiced prior to when services are provided. Our deferred revenue balances were €201.0 million and €199.0 million as of March 31, 2021, and December 31, 2020, respectively. The current and long-term portions of our deferred revenue balance are included within deferred revenue and advance payment from subscribers and others and other long-term liabilities, respectively, in our condensed consolidated balance sheets.

***Contract Costs***

Our aggregate assets associated with incremental costs to obtain and fulfill our contracts were €81.5 million and €84.4 million at March 31, 2021, and December 31, 2020, respectively. The current and long-term portions of our assets related to contract costs are included within other current assets, net and other assets, net, respectively, in our condensed consolidated balance sheets. We recorded amortization of €23.5 million and €25.5 million during the three months ended March 31, 2021 and 2020, respectively, related to these assets, included in programming and other direct costs of service expenses and other operating expenses.

***Unsatisfied Performance Obligations***

A large portion of our revenue is derived from customers who are not subject to contracts. Revenue from customers who are subject to contracts will be recognized over the term of such contracts, which is generally 12 or 24 months for our residential and mobile service contracts and one to five years for our B2B service contracts.

**(4) Derivative Instruments**

In general, we enter into derivative instruments to protect against (i) increases in the interest rates on our variable-rate debt and (ii) foreign currency movements with respect to borrowings that are denominated in a currency other than our functional currency. In this regard, we have entered into various derivative instruments to manage interest rate exposure and foreign currency exposure with respect to the United States dollar (\$).

**VODAFONEZIGGO GROUP B.V.**  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**March 31, 2021**  
**(unaudited)**

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

	March 31, 2021			December 31, 2020		
	Current	Long-term (a)	Total	Current	Long-term (a)	Total
	in millions					
Assets:						
Cross-currency and interest rate derivative contracts (b).....	€ 50.0	€ 57.3	€ 107.3	€ 51.1	€ 95.0	€ 146.1
Total .....	<u>€ 50.0</u>	<u>€ 57.3</u>	<u>€ 107.3</u>	<u>€ 51.1</u>	<u>€ 95.0</u>	<u>€ 146.1</u>
Liabilities:						
Cross-currency and interest rate derivative contracts (b).....	€ 87.2	€ 455.2	€ 542.4	€ 81.8	€ 726.9	€ 808.7
Foreign currency forward contracts .....	0.2	—	0.2	0.8	—	0.8
Total .....	<u>€ 87.4</u>	<u>€ 455.2</u>	<u>€ 542.6</u>	<u>€ 82.6</u>	<u>€ 726.9</u>	<u>€ 809.5</u>

- (a) Our long-term derivative assets and liabilities are included in other assets, net, and other long-term liabilities, respectively, in our condensed consolidated balance sheets.
- (b) We consider credit risk relating to our and our counterparties' nonperformance in the fair value assessment of our derivative instruments. In all cases, the adjustments take into account offsetting liability or asset positions. The changes in the credit risk valuation adjustments associated with our cross-currency and interest rate derivative contracts resulted in a net gain (loss) of (€20.0 million) and €38.5 million during the three months ended March 31, 2021 and 2020, respectively. These amounts are included in realized and unrealized gains on derivative instruments, net, in our condensed consolidated statements of operations. For further information regarding our fair value measurements, see note 5.

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

	Three months ended	
	March 31,	
	2021	2020
	in millions	
Cross-currency and interest rate derivative contracts .....	€ 237.4	€ 332.6
Foreign currency forward contracts .....	0.2	0.4
Total .....	<u>€ 237.6</u>	<u>€ 333.0</u>

**VODAFONEZIGGO GROUP B.V.**  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**March 31, 2021**  
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The net cash received or paid related to our derivative instruments is classified as an operating, investing or financing activity in our condensed consolidated statements of cash flows based on the objective of the derivative instrument and the classification of the applicable underlying cash flows. For derivative contracts that are terminated prior to maturity, the cash paid or received upon termination that relates to future periods is classified as a financing activity. The classification of these net cash inflows (outflows) is as follows:

	Three months ended			
	March 31,			
	2021		2020	
	in millions			
Operating activities	€	9.6	€	25.9
Financing activities		(0.1)		(0.6)
Total	€	9.5	€	25.3

***Counterparty Credit Risk***

We are exposed to the risk that the counterparties to our derivative instruments will default on their obligations to us. We manage these credit risks through the evaluation and monitoring of the creditworthiness of and concentration of risk with the respective counterparties. In this regard, credit risk associated with our derivative instruments is spread across a relatively broad counterparty base of banks and financial institutions. Collateral is generally not posted by either party under our derivative instruments. At March 31, 2021, our exposure to counterparty credit risk included derivative assets with an aggregate fair value of €0.2 million.

**Details of our Derivative Instruments**

***Cross-currency Swaps***

We generally match the denomination of our borrowings with the functional currency of the supporting operations or, when it is more cost effective, we provide for an economic hedge against foreign currency exchange rate movements by using derivative instruments to synthetically convert unmatched debt into the applicable underlying currency. At March 31, 2021, substantially all of our debt was either directly or synthetically matched to our functional currency. The following table sets forth the total notional amounts and the related weighted average remaining contractual life of our cross-currency swap contracts at March 31, 2021:

Notional amount due from counterparty (in millions) (a)	\$	8,433.5
Notional amount due to counterparty (in millions)	€	7,241.2
Weighted average remaining life		5.3 years

- (a) Includes certain derivative instruments that do not involve the exchange of notional amounts at the inception and maturity of the instruments. Accordingly, the only cash flows associated with these derivative instruments are interest-related payments and receipts. At March 31, 2021, the total euro equivalent of the notional amounts of these derivative instruments was €1,589.4 million.

***Interest Rate Derivative Contracts***

As noted above, we enter into interest rate swaps to protect against increases in the interest rates on our variable-rate debt. Pursuant to these derivative instruments, we typically pay fixed interest rates and receive variable interest rates on specified notional amounts. At March 31, 2021, the notional amounts due from counterparties was €3,142.4 million and the related weighted average remaining contractual life of our interest rate swap contracts was 7.6 years.

**VODAFONEZIGGO GROUP B.V.**  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**March 31, 2021**  
**(unaudited)**

***Basis swaps***

Our basis swaps involve the exchange of attributes used to calculate our floating interest rates, including (i) the benchmark rate, (ii) the underlying currency and/or (iii) the borrowing period. We typically enter into these swaps to optimize our interest rate profile based on our current evaluations of yield curves, our risk management policies and other factors. At March 31, 2021, the euro equivalent of the notional amount due from the counterparty was €2,148.9 million and the related weighted average remaining contractual life of our interest basis swap contracts was 0.4 years.

***Interest Rate Caps, Floors and Collars***

From time to time, we enter into interest rate cap, floor and collar agreements that lock in a maximum interest rate if variable rates rise, but also allow our company to benefit, to a limited extent in the case of collars, from declines in market rates. Purchased interest rate floors protect us from interest rates falling below a certain level, generally to match a floating rate floor on a debt instrument. At March 31, 2021, we had no interest rate collar agreements, and the notional amounts of our interest rate caps and floors were €205.0 million and €3,952.1 million, respectively.

***Foreign Currency Forwards***

We enter into foreign currency forward contracts with respect to non-functional currency exposure. At March 31, 2021, the euro equivalent of the notional amount of our foreign currency forward contracts was €3.2 million.

***Impact of Derivative Instruments on Borrowing Costs***

The impact of the derivative instruments that mitigate our foreign currency and interest rate risk, as described above, was an increase of 35 basis points to our borrowing costs as of March 31, 2021.

**(5) Fair Value Measurements**

We use the fair value method to account for our derivative instruments. The reported fair values of these derivative instruments as of March 31, 2021, are unlikely to represent the value that will be paid or received upon the ultimate settlement or disposition of these assets and liabilities.

GAAP provides for a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. We record transfers of assets or liabilities into or out of Levels 1, 2 or 3 at the beginning of the quarter during which the transfer occurred. During the three months ended March 31, 2021, no such transfers were made.

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

In order to manage our interest rate and foreign currency exchange risk, we have entered into various derivative instruments as further described in note 4. The recurring fair value measurements of these instruments are determined using discounted cash flow models. Most of the inputs to these discounted cash flow models consist of, or are derived from, observable Level 2 data for substantially the full term of these instruments. This observable data mostly includes interest rate futures and swap rates, which are retrieved or derived from available market data. Although we may extrapolate or interpolate this data, we do not otherwise alter this data in performing our valuations. We use a Monte Carlo based approach to incorporate a credit risk valuation adjustment in our fair value measurements to estimate the impact of both our own nonperformance risk and the nonperformance risk of our counterparties. Certain inputs used for our credit risk valuations, such as market correlations, represent our most significant Level 3 inputs, and these inputs are used to derive the credit risk valuation

**VODAFONEZIGGO GROUP B.V.**  
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**March 31, 2021**  
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adjustments with respect to these instruments. As we would not expect changes in these elements to have a significant impact on the valuations of these instruments, we have determined that these valuations fall under Level 2 of the fair value hierarchy. Our credit risk valuation adjustments with respect to our cross-currency and interest rate swaps are quantified and further explained in note 4.

Fair value measurements are also used in connection with nonrecurring valuations performed in connection with impairment assessments and acquisition accounting. We did not perform significant nonrecurring fair value measurements during the three months ended March 31, 2021.

A summary of our assets and liabilities that are measured at fair value on a recurring basis is as follows:

	<b>March 31,</b>	<b>December 31,</b>
	<b>2021 (a)</b>	<b>2020 (a)</b>
	<b>in millions</b>	
<b>Assets:</b>		
Cross-currency and interest rate derivative contracts .....	€ 107.3	€ 146.1
Total .....	<u>€ 107.3</u>	<u>€ 146.1</u>
<b>Liabilities:</b>		
Cross-currency and interest rate derivative contracts .....	€ 542.4	€ 808.7
Foreign currency forward contracts .....	0.2	0.8
Total .....	<u>€ 542.6</u>	<u>€ 809.5</u>

(a) At March 31, 2021 and December 31, 2020, we used significant other observable inputs (Level 2) to measure all of our fair value assets and liabilities.

**(6) Long-lived Assets**

***Property and Equipment, Net***

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

	<b>March 31,</b>	<b>December 31,</b>
	<b>2021</b>	<b>2020</b>
	<b>in millions</b>	
Distribution systems .....	€ 5,943.1	€ 5,836.6
Support equipment, buildings and land .....	1,375.3	1,342.9
Customer premises equipment .....	931.0	966.7
	<u>8,249.4</u>	<u>8,146.2</u>
Accumulated depreciation .....	(3,403.0)	(3,268.9)
Total property and equipment, net .....	<u>€ 4,846.4</u>	<u>€ 4,877.3</u>

During the three months ended March 31, 2021 and 2020, we recorded non-cash increases to our property and equipment related to vendor financing arrangements of €122.2 million and €114.6 million, respectively, which exclude related value added taxes (VAT) of €10.0 million and €10.7 million, respectively, that were also financed by our vendors under these arrangements.

**VODAFONEZIGGO GROUP B.V.**  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**March 31, 2021**  
**(unaudited)**

**Goodwill**

There were no changes in the carrying amount of our goodwill during the three months ended March 31, 2021.

If, among other factors, the adverse impact of economic competitive, regulatory or other factors were to cause our operations or cash flows to be worse than anticipated, we could conclude in future periods that impairment charges are required in order to reduce the carrying values of our goodwill, and, to a lesser extent, other long-lived assets. Any such impairment charges could be significant.

**Intangible Assets Subject to Amortization, Net**

The details of our intangible assets subject to amortization are set forth below:

	March 31, 2021			December 31, 2020		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
	in millions					
Customer relationships .....	€ 6,420.0	€ (2,167.0)	€ 4,253.0	€ 6,420.0	€ (2,039.6)	€ 4,380.4
Licenses (a) .....	1,470.9	(353.2)	1,117.7	1,331.2	(352.0)	979.2
Trade name .....	270.0	(45.9)	224.1	270.0	(43.2)	226.8
Total .....	€ 8,160.9	€ (2,566.1)	€ 5,594.8	€ 8,021.2	€ (2,434.8)	€ 5,586.4

- (a) During the first quarter of 2021, we recorded spectrum license additions of €163.3 million associated with the renewal of our existing license in the 2100 MHz band. As of March 31, 2021, the full amount is unpaid and included within accrued and other current liabilities on our condensed consolidated balance sheets.

**(7) Debt**

The euro equivalents of the components of our debt are as follows:

	March 31, 2021		Principal amount	
	Weighted average interest rate (a)	Unused borrowing capacity (b)	March 31, 2021	December 31, 2020
	in millions			
Senior and Senior Secured Notes .....	4.65 %	€ —	€ 5,185.0	€ 5,062.0
Credit Facilities (c) (d) .....	2.80 %	800.0	4,476.6	4,466.8
Vendor financing (e) .....	1.83 %	—	999.3	999.4
Other debt .....	0.29 %	—	174.9	173.4
Total principal amount of third-party debt before premiums, discounts and deferred financing costs (f) .....	3.56 %	€ 800.0	€ 10,835.8	€ 10,701.6

- (a) Represents the weighted average interest rate in effect at March 31, 2021 for all borrowings outstanding pursuant to each debt instrument, including any applicable margin. The interest rates presented represent stated rates and do not include the impact of derivative instruments, deferred financing costs, original issue premiums or discounts and commitment fees, all of which affect our overall cost of borrowing. Including the effects of derivative instruments, original issue premiums or discounts and commitment fees, but excluding the impact of deferred financing costs, the weighted average interest rate on our aggregate third-party variable- and fixed-rate indebtedness was 4.2% at March 31, 2021. For information regarding our derivative instruments, see note 4.

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- (b) The Credit Facilities include a revolving facility with a maximum borrowing capacity of €800.0 million, which was undrawn at March 31, 2021. Unused borrowing capacity represents the maximum availability under the Credit Facilities at March 31, 2021 without regard to covenant compliance calculations or other conditions precedent to borrowing. At March 31, 2021, based on the most restrictive applicable leverage covenants and leverage-based restricted payment tests, the full €800.0 million of unused borrowing capacity was available to be borrowed and there were no additional restrictions on our ability to make loans or distributions from this availability. Upon completion of the relevant March 31, 2021 compliance reporting requirements and based on the most restrictive applicable leverage covenants and leverage-based restricted payment tests, we expect that the full amount of unused borrowing capacity will continue to be available to be borrowed and that there will be no additional restrictions with respect to loans or distributions from this availability. Our above expectations do not consider any actual or potential changes in our borrowing levels or any amounts loaned or distributed subsequent to March 31, 2021, or the impact of additional amounts that may be available to borrow, loan or distribute under certain defined baskets under the Credit Facilities.
- (c) Principal amounts include €77.7 million and €151.4 million at March 31, 2021 and December 31, 2020, respectively, of borrowings pursuant to an excess cash facility under the Credit Facilities. These borrowings are owed to a non-consolidated special purpose financing entity that has issued notes to finance the purchase of receivables due from our company to certain other third parties for amounts that we and our subsidiaries have vendor financed. To the extent that the proceeds from these notes exceed the amount of vendor financed receivables available to be purchased, the excess proceeds are used to fund this excess cash facility.
- (d) The Revolving Facility bears interest at a rate of EURIBOR plus 2.75% (subject to a margin ratchet) and has a fee on unused commitments of 40% of such margin per year.
- (e) Represents amounts owed to various creditors pursuant to interest-bearing vendor financing arrangements that are used to finance certain of our property and equipment additions and operating expenses. These arrangements extend our repayment terms beyond a vendor's original due dates (e.g. extension beyond a vendor's customary payment terms, which are generally 90 days or less) and as such are classified outside of accounts payable on our condensed consolidated balance sheet. These obligations are generally due within one year and include VAT that was also financed under these arrangements. Repayments of vendor financing obligations are included in repayments of third-party debt and finance lease obligations in our condensed consolidated statements of cash flows.
- (f) At March 31, 2021 and December 31, 2020, our third party debt had an estimated fair value of €11.0 billion and €10.9 billion, respectively. The estimated fair values of our debt instruments are generally determined using the average of applicable bid and ask prices (mostly Level 1 of the fair value hierarchy) or, when quoted market prices are unavailable or not considered indicative of fair value, discounted cash flow models (mostly Level 2 of the fair value hierarchy). The discount rates used in the cash flow models are based on the market interest rates and estimated credit spreads, to the extent available, and other relevant factors. For additional information regarding fair value hierarchies, see note 5.

***Financing Transactions***

Below we provide summary descriptions of any financing transactions completed during the first three months of 2021. A portion of our financing transactions may include non-cash borrowings and repayments. During the three months ended March 31, 2021 and 2020, non-cash borrowings and repayments aggregated €173.0 million and €2,324.9 million, respectively. Unless otherwise noted, the terms and conditions of any new notes and/or credit facilities are largely consistent with those of existing notes and credit facilities with regard to covenants, events of default and change of control provisions, among other items. For information regarding the general terms and conditions of our debt and capitalized terms not defined herein, see note 8 to the consolidated financial statements included in our 2020 annual report.

*2021 Financing Transactions.* In March 2021, pursuant to a private placement, we issued \$200.0 million (€170.2 million) principal amount of 2030 Dollar Senior Secured Notes at an issue price of 104.25% of par. The net proceeds from the issuance of these notes were used to redeem 10% of the original aggregate principal amount of our 2027 Dollar Senior Secured Notes at a premium of 3%.

In connection with this transaction, we recognized a net loss on debt extinguishment of €7.6 million related to (i) the payment of €5.0 million of redemption premiums and (ii) the write-off of €2.6 million of fair value adjustments and unamortized deferred financing costs.



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

	March 31, 2021	December 31, 2020
	in millions	
Total principal amount of third-party debt before deferred financing costs, discounts and premiums	€ 10,835.8	€ 10,701.6
Deferred financing costs, discounts and premiums, net	(49.9)	(58.5)
Total carrying amount of third-party debt	10,785.9	10,643.1
Third-party finance lease obligations (note 8)	22.3	22.2
Total third-party debt and finance lease obligations	10,808.2	10,665.3
Related-party debt and finance lease obligations (note 10)	1,607.9	1,607.9
Total debt and finance lease obligations	12,416.1	12,273.2
Current maturities of debt and finance lease obligations	(1,082.7)	(1,156.8)
Long-term debt and finance lease obligations	€ 11,333.4	€ 11,116.4

***Maturities of Debt***

The euro equivalents of the maturities of our debt as of March 31, 2021 are presented below:

	Third-party (a)	Related-party	Total
	in millions		
Year ending December 31:			
2021 (remainder of year) (a)	€ 984.0	€ —	€ 984.0
2022 (a) (b)	265.4	—	265.4
2023	—	—	—
2024	—	—	—
2025	—	—	—
2026	—	—	—
Thereafter	9,586.4	1,607.9	11,194.3
Total debt maturities	10,835.8	1,607.9	12,443.7
Deferred financing costs, discounts and premiums, net	(49.9)	—	(49.9)
Total debt	€ 10,785.9	€ 1,607.9	€ 12,393.8
Current portion	€ 1,074.6	€ —	€ 1,074.6
Noncurrent portion	€ 9,711.3	€ 1,607.9	€ 11,319.2

(a) Third-party amounts include vendor financing obligations of €999.3 million, as set forth below (in millions):

Year ending December 31:	
2021 (remainder of year)	€ 908.6
2022	90.7
Total vendor financing maturities (1)	€ 999.3
Current portion	€ 999.3
Noncurrent portion	€ —

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(1) VZ Vendor Financing II B.V. (**VZ Vendor Financing II**), a third-party special purpose financing entity that is not consolidated by VodafoneZiggo, has issued an aggregate €700.0 million in notes maturing in January 2029 (the **Vendor Financing II Notes**). The net proceeds from the Vendor Financing II Notes are used by VZ Vendor Financing II to purchase from various third parties certain vendor-financed receivables owed by our company. To the extent that the proceeds from the Vendor Financing II Notes exceed the amount of vendor-financed receivables available to be purchased, the excess proceeds are used to fund the Financing Facility. As additional vendor-financed receivables become available for purchase, VZ Vendor Financing II can request that we repay any amounts made available under the Financing Facility.

(b) Includes the handset facility obligations of €174.8 million. Amortizing repayments of the facility will start in 2022 and the facility is due to be repaid in full in 2024.

**(8) Leases**

**General**

We enter into operating and finance leases for network equipment, real estate, mobile site sharing and vehicles. We provide residual value guarantees on certain of our vehicle leases.

**Lease Balances**

A summary of our right-of-use (**ROU**) assets and lease liabilities is set forth below:

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
	<b>in millions</b>	
<b>ROU assets:</b>		
Operating leases (a) .....	€ 409.5	€ 412.8
Finance leases (b) .....	21.9	21.9
<b>Total ROU assets</b> .....	<b>€ 431.4</b>	<b>€ 434.7</b>
<b>Lease liabilities:</b>		
Operating leases (c) .....	€ 403.9	€ 419.8
Finance leases (d) .....	22.3	22.2
<b>Total lease liabilities</b> .....	<b>€ 426.2</b>	<b>€ 442.0</b>

- (a) Our operating lease ROU assets are included in other assets, net, on our condensed consolidated balance sheets. At March 31, 2021, the weighted average remaining lease term for operating leases was 7.4 years and the weighted average discount rate was 3.3%. During the three months ended March 31, 2021 and 2020, we recorded additions to our operating lease ROU assets of €3.8 million and €8.8 million, respectively.
- (b) Our finance lease ROU assets are included in property and equipment, net, on our condensed consolidated balance sheets. At March 31, 2021, the weighted average remaining lease term for finance leases was 3.0 years and the weighted average discount rate was 3.7%. During the three months ended March 31, 2021 and 2020, we recorded additions to our finance lease ROU assets of €0.7 million and €1.5 million, respectively.
- (c) The current and long-term portions of our operating lease liabilities are included within other accrued and current liabilities and other long-term liabilities, respectively, on our condensed consolidated balance sheets.

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- (d) The current and long-term portions of our finance lease obligations are included within current portion of debt and finance lease obligations and long-term debt and finance lease obligations, respectively, on our condensed consolidated balance sheets.

A summary of our aggregate lease expense is set forth below:

	<b>Three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
	<b>in millions</b>	
Finance lease expense:		
Depreciation and amortization.....	€ 2.3	€ 2.4
Interest expense.....	0.1	0.1
Total finance lease expense.....	2.4	2.5
Operating lease expense (a).....	19.8	21.1
Variable lease expense, net (b).....	(0.2)	(0.2)
Total lease expense.....	<u>€ 22.0</u>	<u>€ 23.4</u>

- (a) Our operating lease expense is included in other operating expenses and SG&A expenses in our condensed consolidated statements of operations.
- (b) Variable lease expense represents payments made to a lessor during the lease term that vary because of a change in circumstance that occurred after the lease commencement date. Variable lease payments are expensed as incurred and are included in other operating expenses in our condensed consolidated statements of operations.

A summary of our cash outflows from operating and finance leases is set forth below:

	<b>Three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
	<b>in millions</b>	
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows from operating leases.....	€ 32.9	€ 36.0
Operating cash outflows from finance leases.....	0.1	0.1
Financing cash outflows from finance leases.....	1.8	2.3
Total cash outflows from operating and finance leases.....	<u>€ 34.8</u>	<u>€ 38.4</u>

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The euro equivalents of the maturities of our operating and finance lease obligations as of March 31, 2021 are presented below:

	<u>Operating leases</u>	<u>Finance leases</u>
	in millions	
Year ending December 31:		
2021 (remainder of year) .....	€ 47.7	€ 6.7
2022 .....	78.7	7.5
2023 .....	74.2	5.0
2024 .....	71.6	3.0
2025 .....	42.1	0.9
2026 .....	35.0	—
Thereafter .....	114.3	—
Total principal and interest payments .....	463.6	23.1
Less: present value discount .....	(59.7)	(0.8)
Present value of net minimum lease payments .....	€ 403.9	€ 22.3
Current portion .....	€ 67.1	€ 8.1
Noncurrent portion .....	€ 336.8	€ 14.2

**(9) Income Taxes**

Our condensed consolidated financial statements include the income taxes of VodafoneZiggo and its subsidiaries.

The VodafoneZiggo Fiscal Unity, established on the level of VodafoneZiggo Group Holding, is one taxpayer for the period of time subsequent to the closing of the JV Transaction. The income taxes of VodafoneZiggo are recorded in our condensed consolidated financial statements on a separate return basis. Current income taxes payable or receivable, if any, are presented as current positions with the tax authorities. VodafoneZiggo Group Holding did not implement a tax-sharing agreements and no cash payments will be made between VodafoneZiggo entities and VodafoneZiggo Group Holding related to the Dutch tax attributes. Accordingly, related-party tax allocations, if any, are reflected as adjustments in our consolidated statement of owner's equity.

On December 23, 2020 the Dutch Government enacted legislation regarding the yearly changes to the tax legislation (i.e., “Belastingplan 2021”). One of the most important changes within these legislative plans of the government has been an adjustment of the corporate income tax rate change enacted in 2020. The highest tax rate in the Netherlands will remain at 25% as opposed to the previously enacted rate of 21.7%. As a result of the enactment of these plans VodafoneZiggo recalculated the deferred tax balances and recorded a corporate income tax rate change expense as a result of the increase of the net deferred tax liability in the fourth quarter of 2020. During three months ended March 31, 2021, there were no adjustments to the rate used to calculate the deferred tax balances of VodafoneZiggo.

Income tax benefit (expense) attributable to our loss before income taxes differs from the amounts computed using the Dutch income tax rate of 25.0% as a result of the following:

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	Three months ended	
	March 31,	
	2021	2020
	in millions	
Computed "expected" tax benefit (expense) .....	€ 4.4	€ (28.3)
Enacted tax law and rate changes .....	—	3.0
Non-deductible expenses .....	—	(0.3)
Other, net .....	—	2.7
Total income tax benefit (expense) .....	<u>€ 4.4</u>	<u>€ (22.9)</u>

**(10) Related-party Transactions**

Our related-party transactions are set forth below:

	Three months ended	
	March 31,	
	2021	2020
	in millions	
Revenue .....	€ 3.3	€ 3.7
Programming and other direct costs of services .....	(5.8)	(6.9)
Selling, general and administrative recharges .....	4.1	3.3
Share-based compensation expense .....	—	(0.2)
Charges for JV Services:		
Charges from Liberty Global:		
Operating (a) .....	(20.2)	(17.9)
Capital (b) .....	(6.9)	(7.3)
Total Liberty Global corporate charges .....	<u>(27.1)</u>	<u>(25.2)</u>
Charges from Vodafone:		
Operating (c) .....	(25.7)	(26.9)
Brand fees (d) .....	(7.5)	(7.5)
Total Vodafone corporate charges .....	<u>(33.2)</u>	<u>(34.4)</u>
Total charges for JV Services .....	<u>(60.3)</u>	<u>(59.6)</u>
Included in operating income .....	(58.7)	(59.7)
Interest expense .....	(22.3)	(19.6)
Included in loss before income taxes .....	<u>€ (81.0)</u>	<u>€ (79.3)</u>
Property and equipment additions, net .....	<u>€ 37.3</u>	<u>€ 54.7</u>

- (a) Represents amounts charged for technology and other services, which are included in the calculation of the “EBITDA” metric specified by our debt agreements (**Covenant EBITDA**).
- (b) Represents amounts charged for capital expenditures made by Liberty Global related to assets that we use or will otherwise benefit our company. These charges are not included in the calculation of Covenant EBITDA.
- (c) Represents amounts charged by Vodafone for technology and other services, a portion of which are included in the calculation of Covenant EBITDA.
- (d) Represents amounts charged for our use of the Vodafone brand name. These charges are not included in the calculation of Covenant EBITDA.

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*Revenue.* Amount represents interconnect fees charged by us to certain subsidiaries of Vodafone.

*Programming and other direct costs of services.* Amount represents interconnect fees charged to us by certain subsidiaries of Vodafone.

*Selling, general and administrative recharges.* Amount represents recharges for certain personnel services provided to Vodafone and Liberty Global.

*Share-based compensation expense.* Amounts relate to charges to our company by Liberty Global and Vodafone for share-based incentive awards held by certain employees of our subsidiaries associated with ordinary shares of Liberty Global and Vodafone. Share-based compensation expense is included within SG&A in our condensed consolidated statements of operations.

*Charges for JV Services - Framework and Trade Mark Agreements*

Pursuant to a framework and a trade name agreement (collectively, the **JV Service Agreements**) entered into in connection with the formation of the VodafoneZiggo JV, Liberty Global and Vodafone charge us fees for certain services provided to us by the respective subsidiaries of the Shareholders (collectively, the **JV Services**). The JV Services are provided to us on a transitional or ongoing basis. Pursuant to the terms of the JV Service Agreements, the ongoing services will be provided for a period of four to six years depending on the type of service, while transitional services will be provided for a period of not less than 12 months after which the Shareholders or VodafoneZiggo will be entitled to terminate based on specified notice periods. The JV Services provided by the respective subsidiaries of the Shareholders consist primarily of (i) technology and other services, (ii) capital-related expenditures for assets that we use or otherwise benefit us and (iii) brand name and procurement fees. The fees that Liberty Global and Vodafone charge us for the JV Services, as set forth in the table above, include both fixed and usage-based fees.

*Interest expense.* Amount relates to the Liberty Global Notes and the Vodafone Notes, as defined and described below.

*Property and equipment additions, net.* These amounts, which are cash settled, represent customer premises and network-related equipment acquired from certain Liberty Global and Vodafone subsidiaries, which subsidiaries centrally procure equipment on behalf of our company.

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

	<b>March 31,</b>	<b>December 31,</b>
	<b>2021</b>	<b>2020</b>
	<b>in millions</b>	
<b>Assets:</b>		
Related-party receivables (a) .....	€ 45.0	€ 33.6
<b>Liabilities:</b>		
Accounts payable (b) .....	€ 49.6	€ 103.9
Accrued and other current liabilities (b) .....	42.2	17.7
<b>Debt (c):</b>		
Liberty Global Note .....	803.9	803.9
Vodafone Note .....	803.9	803.9
Other long-term liabilities (d) .....	0.7	2.5
Total liabilities .....	€ 1,700.3	€ 1,731.9

(a) Represents non-interest bearing receivables from certain Liberty Global and Vodafone subsidiaries.

(b) Represents non-interest bearing payables, accrued capital expenditures and other accrued liabilities related to transactions with certain Liberty Global and Vodafone subsidiaries that are cash settled.

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- (c) Represents debt obligations, as further described below.
- (d) Represents operating lease liabilities related to Vodafone.

***Related-party Debt***

*Liberty Global Notes*

The Liberty Global Notes comprise (i) a euro-denominated note payable to a subsidiary of Liberty Global with a principal amount of €700.0 million at March 31, 2021 (the **Liberty Global Note Payable I**) and (ii) a euro-denominated note payable to a subsidiary of Liberty Global entered into during the third quarter of 2020 with a principal amount of €103.9 million at March 31, 2021 (the **Liberty Global Note Payable II**, and, together with the Liberty Global Note Payable I, the **Liberty Global Notes Payable**). The Liberty Global Note Payable I, as amended in June 2020, and the Liberty Global Note Payable II each bear interest at a fixed rate of 5.55% and have a final maturity date of December 31, 2030. During the three months ended March 31, 2021, interest accrued on the Liberty Global Notes Payable was €11.2 million, all of which has been cash settled.

*Vodafone Notes*

The Vodafone Notes comprise (i) a euro-denominated note payable to a subsidiary of Vodafone with a principal amount of €700.0 million at March 31, 2021 (the **Vodafone Note Payable I**) and (ii) a euro-denominated note payable to a subsidiary of Vodafone entered into during the third quarter of 2020 with a principal amount of €103.9 million at March 31, 2021 (the **Vodafone Note Payable II**, and, together with the Vodafone Note Payable I, the **Vodafone Notes Payable**). The Vodafone Note Payable I, as amended in July 2020, and the Vodafone Note Payable II each bear interest at a fixed rate of 5.55% and have a final maturity date of December 31, 2030. During the three months ended March 31, 2021, interest accrued on the Vodafone Notes Payable was €11.2 million, all of which has been cash settled.

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**(11) Commitments and Contingencies**

**Commitments**

As further described in note 10, we have commitments related to the JV Service Agreements. Additionally, in the normal course of business, we have entered into agreements that commit our company to make cash payments in future periods with respect to programming contracts, purchases of customer premises and other equipment and services and other items. The following table sets forth these commitments as of March 31, 2021:

	Payments due during:							Total
	Remainder of 2021	2022	2023	2024	2025	2026	Thereafter	
in millions								
Programming commitments .....	€ 121.7	€118.2	€109.6	€ 80.7	€ 43.3	€ —	€ —	€ 473.5
JV Service Agreements (a) .....	117.6	117.1	32.8	30.6	30.4	—	—	328.5
Purchase commitments .....	219.2	76.3	3.6	1.5	1.0	0.8	—	302.4
Network and connectivity commitments ..	12.5	8.5	0.2	—	—	—	—	21.2
Other commitments .....	14.3	16.4	8.9	1.8	1.8	1.6	1.8	46.6
Total (b) .....	<u>€ 485.3</u>	<u>€336.5</u>	<u>€155.1</u>	<u>€114.6</u>	<u>€ 76.5</u>	<u>€ 2.4</u>	<u>€ 1.8</u>	<u>€1,172.2</u>

- (a) Amounts represent fixed minimum charges from Liberty Global and Vodafone pursuant to the JV Service Agreements. In addition to the fixed minimum charges, the JV Service Agreements provide for certain JV Services to be charged to us based upon usage of the services received. The fixed minimum charges set forth in the table above exclude fees for the usage-based services as these fees will vary from period to period. Accordingly, we expect to incur charges in addition to those set forth in the table above for usage-based services. For additional information regarding fees related to the JV Service Agreements, see note 10.
- (b) The commitments included in this table do not reflect any liabilities that are included in our March 31, 2021, condensed consolidated balance sheet.

Programming commitments consist of obligations associated with certain of our programming contracts that are enforceable and legally binding on us as we have agreed to pay minimum fees without regard to (i) the actual number of subscribers to the programming services or (ii) whether we terminate service to a portion of our subscribers or dispose of a portion of our distribution systems. In addition, programming commitments do not include increases in future periods associated with contractual inflation or other price adjustments that are not fixed. Accordingly, the amounts reflected in the above table with respect to these contracts are significantly less than the amounts we expect to pay in these periods under these contracts. Historically, payments to programming vendors have represented a significant portion of our operating costs, and we expect that this will continue to be the case in future periods. In this regard, during the three months ended March 31, 2021, and 2020, the programming and copyright costs incurred by our operations aggregated €79.5 million and €77.6 million, respectively.

Purchase commitments include unconditional and legally binding obligations related to the purchase of customer premises equipment, other equipment and mobile handsets.

Network and connectivity commitments include commitments associated with certain operating costs associated with our leased networks.

Other commitments primarily include sponsorships and certain fixed minimum contractual commitments.

In addition to the commitments set forth in the table above, we have commitments under (i) derivative instruments and (ii) multiemployer defined benefit plans, pursuant to which we expect to make payments in future periods. For information



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regarding our derivative instruments, including the net cash paid or received in connection with these instruments during 2021, see note 4.

***Guarantees and Other Credit Enhancements***

In the ordinary course of business, we may provide (i) indemnifications to our lenders, our vendors and certain other parties and (ii) performance and/or financial guarantees to local municipalities, our customers and vendors. Historically, these arrangements have not resulted in our company making any material payments and we do not believe that they will result in material payments in the future.

***Regulations and Contingencies***

*Koninklijke KPN N.V (KPN) appeals against European Commission (EC) merger decisions for Ziggo Acquisition and VodafoneZiggo Joint Venture.* In July 2015, KPN, one of our competitors in the Netherlands, lodged an appeal against the EC decision clearing the acquisition of the Ziggo business by Liberty Global with the General Court (GC). The VodafoneZiggo JV was not a party to these proceedings. On October 26, 2017, the GC ruled that the EC did not state sufficient reasons for not analyzing the possible vertical anti-competitive effects on the market for premium pay TV sports channels and consequently annulled the EC decision. Article 10 (5) of the Merger Regulation provides in such a case that transaction shall be re-examined by the EC with a view to adopting a new decision. In April 2018 we filed a formal re-notification of this merger with the EC. On May 30, 2018, the EC again cleared the acquisition of the Ziggo business by Liberty Global. The earlier agreed commitments from Old Ziggo that were transferred to our company, have been extended to May 2026. On November 22, 2018, KPN lodged a pro-forma appeal with the GC against the May 30, 2018, clearance decision of the EC. On February 15, 2019, we have, together with our shareholders, filed a request to intervene in these proceedings with the GC and we submitted our statement in June 2019. The oral hearing was held on September 15, 2020. On January 27, 2021, the General Court dismissed KPN's appeal and the EC decision is therefore upheld. KPN decided not to appeal this verdict.

*ACM Local Loop Unbundling Decision.* On February 27, 2018, the ACM published a draft decision in its Local Loop Unbundling market analysis, now referred to as Wholesale Fixed Access (WFA) in which it aims to regulate VodafoneZiggo by imposing an obligation to offer wholesale cable access in addition to continuing existing regulation on KPN. Following a market consultation, the ACM notified the draft decision to the EC. On August 31, 2018, the EC responded, making a number of critical comments, but not rejecting the ACM's proposals (no serious doubts). The ACM then published a final decision on September 28, 2018, which entered into force October 1, 2018. We appealed ACM's decision and complied with the first obligation on VodafoneZiggo, namely to publish a reference offer before January 1, 2019. Our appeal of ACM's decision turned out successful and on March 17, 2020, the Court annulled ACM's decision. The Court's verdict is final. As a result, VodafoneZiggo is not obligated to offer cable access. Also, KPN is no longer obligated to offer regulated access. KPN has announced it will continue offering access under commercial conditions. During the third quarter of 2020, ACM announced to start a new market analysis of the fixed consumer market. We expect more clarity on the outcome of that analysis over the course of 2021. Within a similar timeframe, we expect clarity on the possible application of symmetric access regulation. This a new tool, introduced via the European Electronic Communications Code (EECC) and available to the ACM since December 21, 2020, based on which ACM could, under certain conditions, impose access obligations.

*Data Protection.* On May 25, 2018, the E.U. General Data Protection Regulation (GDPR), that replaces the European Data Protection Directive, came into force. The GDPR has direct effect in the Netherlands with additional data protection obligations relevant to our operations that include: (i) clear explanation and transparency of personal data usage to customers and employees, and maintaining an internal data processing register, (ii) affirmative consent from users for profiling by automated means, (iii) stronger privacy rights for users and (iv) application of privacy by design/default to data processes.

In June 2018, the European Parliament and the Council reached an overall political agreement on the EECC and BEREC Regulation, with formal adoption finalized in December 2018. This means that member states must have completed transposition into national law by the end of 2020. This deadline has not been met in the Netherlands, except for three topics that have gone through the parliamentary process already. These are switching, symmetrical access and geographical mapping. The transposition of the rest of the EECC is expected in 2021.

On January 10, 2017, a draft ePrivacy Regulation (ePR) was proposed by the EC to replace the ePrivacy Directive. The EU member states, after four years, reached an agreement, on February 10, 2021, on a common position regarding the ePR. The dialogue between EC, EP and member states is expected to begin in the second quarter of 2021.

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*Digital Services Act, Digital Markets Act.* Amending the current eCommerce Directive, the EC published its proposal on the Digital Services Act (DSA) on December 15, 2020. The DSA aims to set obligations and accountability rules for providers of network infrastructure (such as Internet access providers), hosting service providers, and online platforms for the content provided by their users. Specific obligations would apply to very large online platforms which have at least 45 million monthly active users in the EU. Rules would also apply to non-EU established providers that provide services to EU citizens. The proposal contains full-fledged oversight and enforcement rules with the ability to set fines of up to 6% of the global annual turnover of platforms.

Also on December 15, 2020, the EC published a proposal on the Digital Markets Act (DMA). This act would establish an ex ante framework for digital platforms designated as gatekeepers. These platforms, with “considerable market power”, exert substantial control over access to digital markets. The DMA’s overall objective is to address market failures and unfair conduct by gatekeeper platforms to promote a fair and contestable online platform environment. Both the DSA and the DMA would complement each other and (both have status of regulation) will be directly applicable in the member states' legal order without the need for transposition.

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

*VAT.* Our application of VAT with respect to certain mobile revenue generating activities has been challenged by the Dutch tax authorities. The Dutch tax authorities challenged the multipurpose character of certain mobile subscriptions that we entered into during 2017 and 2018. No amounts have been accrued by our company as the likelihood of loss is not considered to be probable. The asserted claimed amount is approximately € 33.4 million.

In addition to the foregoing item, we have contingent liabilities related to matters arising in the ordinary course of business including (i) legal proceedings, (ii) issues involving VAT and wage, property and other tax issues and (iii) disputes over interconnection, programming, copyright and channel carriage fees. While we generally expect that the amounts required to satisfy these contingencies will not materially differ from any estimated amounts we have accrued, no assurance can be given that the resolution of one or more of these contingencies will not result in a material impact on our results of operations, cash flows or financial position in any given period. Due, in general, to the complexity of the issues involved and, in certain cases, the lack of a clear basis for predicting outcomes, we cannot provide a meaningful range of potential losses or cash outflows that might result from any unfavorable outcomes.

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**(12) Segment Reporting**

We have one reportable segment that provides video, broadband internet, fixed-line telephony and mobile services to residential and business customers in the Netherlands.

Our revenue by major category is set forth below:

	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2021</b>	<b>2020</b>
	<b>in millions</b>	
Consumer cable revenue (a):		
Subscription revenue .....	€ 521.5	€ 512.4
Non-subscription revenue .....	8.2	4.6
Total consumer cable revenue .....	529.7	517.0
Consumer mobile revenue (b):		
Service revenue .....	156.7	157.1
Non-service revenue .....	60.1	60.5
Total consumer mobile revenue .....	216.8	217.6
Total consumer revenue	746.5	734.6
B2B cable revenue (c):		
Subscription revenue .....	128.5	115.3
Non-subscription revenue .....	3.7	3.9
Total B2B cable revenue .....	132.2	119.2
B2B mobile revenue (d):		
Service revenue .....	90.9	98.1
Non-service revenue .....	29.7	31.1
Total B2B mobile revenue .....	120.6	129.2
Total B2B revenue .....	252.8	248.4
Other revenue (e) .....	10.2	8.9
Total .....	€ 1,009.5	€ 991.9

- (a) 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. Subscription revenue from subscribers who purchase bundled services at a discounted rate is generally allocated proportionally to each service based on the stand-alone price for each individual service. As a result, changes in the stand-alone pricing of our cable and mobile products or the composition of bundles can contribute to changes in our product revenue categories from period to period.
- (b) 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.

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- (c) 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 small or home office (**SOHO**) customers and 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.
- (d) 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.
- (e) Other revenue includes, among other items, programming, advertising and site sharing revenue.

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

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

- *Forward-looking Statements.* This section provides a description of certain factors that could cause actual results or events to differ materially from anticipated results or events.
- *Overview.* This section provides a general description of our business and recent events.
- *Material Changes in Results of Operations.* This section provides an analysis of our results of operations for the three months ended March 31, 2021 and 2020.
- *Material Changes in Financial Condition.* This section provides an analysis of our corporate and subsidiary liquidity, condensed consolidated statements of cash flows and contractual commitments.

The capitalized terms used below have been defined in the notes to our condensed consolidated financial statements. In the following text, the terms “we,” “our,” “our company” and “us” may refer, as the context requires, to VodafoneZiggo or collectively to VodafoneZiggo and its subsidiaries.

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

### Forward-looking Statements

Certain statements in this quarterly report constitute forward-looking statements. To the extent that statements in this quarterly report are not recitations of historical fact, such statements constitute forward-looking statements, which, by definition, involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. In particular, statements under *Management's Discussion and Analysis of Financial Condition and Results of Operations* may contain forward-looking statements, including statements regarding our business, product, foreign currency and finance strategies, subscriber growth and retention rates, competitive, regulatory and economic factors, the timing and impacts of proposed transactions, the maturity of our market, the potential impact of COVID-19 on our company, the anticipated impacts of new legislation (or changes to existing rules and regulations), anticipated changes in our revenue, costs or growth rates, our liquidity, credit risks, foreign currency risks, target leverage levels, our future projected contractual commitments and cash flows and other information and statements that are not historical fact. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. In evaluating these statements, you should consider the risks and uncertainties in the following list, and those described herein, as some but not all of the factors that could cause actual results or events to differ materially from anticipated results or events:

- economic and business conditions and industry trends in the Netherlands;
- the competitive environment in the Netherlands for both the fixed and mobile markets, including competitor responses to our products and services for our residential and business customers;
- fluctuations in currency exchange rates and interest rates;
- instability in global financial markets, including sovereign debt issues and related fiscal reforms;
- consumer disposable income and spending levels, including the availability and amount of individual consumer debt;
- changes in consumer television viewing preferences and habits;
- changes in consumer mobile usage behavior;

- customer acceptance of our existing service offerings, including our cable television, broadband internet, fixed-line telephony, mobile and business service offerings, and of new technology, programming alternatives and other products and services that we may offer in the future;
- the outcome of governmental requests for proposals related to contracts for B2B communication services;
- our ability to manage rapid technological changes;
- our ability to maintain or increase the number of subscriptions to our cable television, broadband internet, fixed-line telephony and mobile service offerings and our average revenue per household;
- our ability to provide satisfactory customer service, including support for new and evolving products and services;
- our ability to maintain or increase rates to our subscribers or to pass through increased costs to our subscribers;
- the impact of our future financial performance, or market conditions generally, on the availability, terms and deployment of capital;
- changes in, or failure or inability to comply with, applicable laws and/or government regulations in the Netherlands and adverse outcomes from regulatory proceedings, including regulation related to interconnect rates;
- government and/or regulatory intervention that requires opening our broadband distribution network to competitors, and/or other regulatory interventions;
- our ability to obtain regulatory approval and satisfy other conditions necessary to close acquisitions and dispositions and the impact of conditions imposed by competition and other regulatory authorities in connection with acquisitions;
- our ability to successfully acquire new businesses and, if acquired, to integrate, realize anticipated efficiencies from, and implement our business plan with respect to the businesses we have acquired;
- changes in laws or treaties relating to taxation, or the interpretation thereof, in the Netherlands;
- changes in laws and government regulations that may impact the availability and cost of capital and the derivative instruments that hedge certain of our financial risks;
- the ability of suppliers and vendors to timely deliver quality products, equipment, software, services and access;
- the availability of attractive programming for our video services and the costs associated with such programming, including retransmission and copyright fees payable to public and private broadcasters;
- uncertainties inherent in the development and integration of new business lines and business strategies;
- our ability to adequately forecast and plan future network requirements, including the costs and benefits associated with our planned network extensions;
- the availability of capital for the acquisition and/or development of telecommunications networks and services;
- problems we may discover post-closing with the operations, including the internal controls and financial reporting process, of businesses we acquire;
- the leakage of sensitive customer data;
- the outcome of any pending or threatened litigation;
- the loss of key employees and the availability of qualified personnel;
- changes in the nature of key strategic relationships with partners and joint ventures; and
- events that are outside of our control, such as political unrest in international markets, terrorist attacks, malicious human acts, natural disasters, pandemics or epidemics (such as COVID-19) and other similar events.

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

## Overview

### General

VodafoneZiggo is a provider of video, broadband internet, fixed-line telephony and mobile services to residential and business customers in the Netherlands.

### Operations

At March 31, 2021, we owned and operated networks that passed 7,298,100 homes and served 9,388,300 revenue generating units (RGUs), consisting of 3,811,100 video subscribers (including 3,299,800 enhanced video subscribers), 3,354,300 broadband internet subscribers and 2,222,900 fixed-line telephony subscribers. In addition, at March 31, 2021, we served 5,232,900 mobile subscribers, which includes 4,817,900 postpaid subscribers.

The following table provides details of our organic RGU and mobile subscriber changes for the periods indicated. Organic RGU and mobile subscriber changes exclude the effect of acquisitions (RGUs and mobile subscribers added on the acquisition date) and other non-organic adjustments, but includes post-acquisition date RGU and mobile subscriber additions or losses.

	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2021</b>	<b>2020</b>
Organic RGU additions (losses):		
Video:		
Basic	6,400	(3,500)
Enhanced	(26,600)	(2,700)
Total video	(20,200)	(6,200)
Broadband internet	(9,200)	9,800
Fixed-line telephony	(49,900)	(26,700)
Total organic RGU losses	<u>(79,300)</u>	<u>(23,100)</u>
Organic mobile subscriber additions (losses):		
Postpaid net additions	60,700	72,200
Prepaid net losses	(17,700)	(35,700)
Total organic mobile subscriber additions	<u>43,000</u>	<u>36,500</u>

### Impact of COVID-19

The global COVID-19 pandemic continues to adversely impact the economy of the Netherlands. However, during the first quarter of 2021, the adverse impact on our company continued to be relatively minimal as demand for our products and services remained strong. It is not currently possible to estimate the duration and severity of the COVID-19 pandemic or the adverse economic impact resulting from the preventative measures taken to contain or mitigate its outbreak, therefore no assurance can be given that an extended period of global economic disruption would not have a material adverse impact on our business, financial condition and results of operations in future periods. For additional information regarding the impact of COVID-19 on our results of operations for the three months ended March 31, 2021, see *Material Changes in Results of Operations* below.

## ***Competition and Other External Factors***

The Dutch market for mobile and fixed services is highly competitive and rapidly evolving. Within our mobile operations we continue to experience pressure on pricing, characterized by aggressive promotion campaigns, heavy marketing spend and increasing or unlimited data bundles. Furthermore, there is growing competition from MVNOs that focus on certain niche segments such as no frill, youth or ethnic markets. Within our fixed operations we experience increased competition, mainly as a result of competitors' emphasis on accelerating the rollout of their fiber footprint. This significant competition, together with the macroeconomic factors, has adversely impacted our revenue, RGU and average monthly subscription revenue per average cable RGU or mobile subscriber, as applicable (ARPU). For additional information regarding the revenue impact of changes in the RGUs and ARPU, see *Results of Operations* below.

## **Material Changes in Results of Operations**

This section provides an analysis of our results of operations for the three months ended March 31, 2021 and 2020.

### *General*

Our revenue is earned in the Netherlands and is subject to applicable VAT. Any increases in these taxes could have an adverse impact on our ability to maintain or increase our revenue to the extent that we are unable to pass such tax increases onto our customers.

We pay interconnection fees to other telephony providers when calls or text messages from our subscribers terminate on another network, and we receive similar fees from such providers when calls or text messages from their customers terminate on our network. The amounts we charge and incur with respect to fixed-line telephony and mobile interconnection fees are subject to regulatory oversight. To the extent that regulatory authorities introduce fixed-line or mobile termination rate changes, we would experience prospective changes in our interconnect revenue and costs. The ultimate impact of any such changes in termination rates on our interconnect revenue and costs would be dependent on the call or text messaging patterns that are subject to the changed termination rates.

We are subject to inflationary pressures with respect to certain costs and foreign currency exchange risk. Any cost increases that we are not able to pass on to our subscribers through rate increases would result in increased pressure on our operating margins.

### *Adjusted EBITDA*

Adjusted EBITDA, which is a non-GAAP measure, is the primary measure used by our management to evaluate the operating performance of our businesses. It 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. Investors should view Adjusted EBITDA as a supplement to, and not a substitute for, GAAP measures of performance included in our condensed consolidated statements of operations.

### *Revenue*

We earn revenue from (i) subscribers to our consumer broadband communications and mobile services and (ii) B2B services, interconnect fees, channel carriage fees, installation fees and late fees. Consistent with the presentation of our revenue categories in note 12 to our condensed consolidated financial statements, we use the term "subscription revenue" and "service revenue" in the following discussion to refer to amounts received from subscribers for ongoing services. In the below tables, mobile service revenue excludes the related interconnect revenue.

Variances in the subscription and/or service revenue from our customers are a function of (i) changes in the number of RGUs or mobile subscribers outstanding during the period and (ii) changes in ARPU. Changes in ARPU can be attributable to (a) changes in prices, (b) changes in bundling or promotional discounts, (c) changes in the tier of services selected, (d) variances in subscriber usage patterns, and (e) the overall mix of cable and mobile products during the period. In the following



discussion, we provide the net impact of the above factors on the ARPU that is derived from our video, broadband internet, fixed-line telephony, and mobile products.

Our revenue by major category is set forth below:

	Three months ended			
	March 31,		Increase (decrease)	
	2021	2020	€	%
<b>in millions, except % amounts</b>				
Consumer cable revenue (a):				
Subscription revenue.....	€ 521.5	€ 512.4	€ 9.1	1.8 %
Non-subscription revenue.....	8.2	4.6	3.6	78.3 %
Total consumer cable revenue.....	529.7	517.0	12.7	2.5 %
Consumer mobile revenue (b):				
Service revenue.....	156.7	157.1	(0.4)	(0.3)%
Non-service revenue.....	60.1	60.5	(0.4)	(0.7)%
Total consumer mobile revenue.....	216.8	217.6	(0.8)	(0.4)%
Total consumer revenue.....	746.5	734.6	11.9	1.6 %
B2B cable revenue (c):				
Subscription revenue.....	128.5	115.3	13.2	11.4 %
Non-subscription revenue.....	3.7	3.9	(0.2)	(5.1)%
Total B2B cable revenue.....	132.2	119.2	13.0	10.9 %
B2B mobile revenue (d):				
Service revenue.....	90.9	98.1	(7.2)	(7.3)%
Non-service revenue.....	29.7	31.1	(1.4)	(4.5)%
Total B2B mobile revenue.....	120.6	129.2	(8.6)	(6.7)%
Total B2B revenue.....	252.8	248.4	4.4	1.8 %
Other revenue (e).....	10.2	8.9	1.3	14.6 %
Total.....	€ 1,009.5	€ 991.9	€ 17.6	1.8 %

- (a) 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, late fees and revenue from the sale of equipment. Subscription revenue from subscribers who purchase bundled services at a discounted rate is generally allocated proportionally to each service based on the stand-alone price for each individual service. As a result, changes in the stand-alone pricing of our cable and mobile products or the composition of bundles can contribute to changes in our product revenue categories from period to period.
- (b) 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.
- (c) 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.

- (d) 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. B2B mobile non-service revenue includes, among other items, interconnect revenue, mobile handset and accessories sales, and late fees.
- (e) Other revenue includes, among other items, programming, advertising and site sharing revenue.

The details of the increase in our revenue during the three ended March 31, 2021, as compared to the corresponding period in 2020, are set forth below:

	<b>Three-month period</b>		
	<b>Subscription /Service revenue</b>	<b>Non- subscription /Non-service revenue</b>	<b>Total</b>
	<b>in millions</b>		
Increase (decrease) in consumer cable subscription revenue due to change in:			
Average number of RGUs (a) .....	€ (15.5)	€ —	€ (15.5)
ARPU (b) .....	24.6	—	24.6
Increase in consumer cable non-subscription revenue .....	—	3.6	3.6
Total increase in consumer cable revenue .....	9.1	3.6	12.7
Decrease in consumer mobile revenue .....	(0.4)	(0.4)	(0.8)
Increase (decrease) in B2B cable revenue (c) .....	13.2	(0.2)	13.0
Decrease in B2B mobile revenue (d) .....	(7.2)	(1.4)	(8.6)
Increase in other revenue .....	—	1.3	1.3
<b>Total</b> .....	<b>€ 14.7</b>	<b>€ 2.9</b>	<b>€ 17.6</b>

- (a) The decrease in cable subscription revenue related to a change in the average number of RGUs is attributable to a decrease in the average number of fixed-line telephony, video and internet RGUs.
- (b) The increase in cable subscription revenue related to a change in ARPU is primarily attributable to the annual price increase implemented on July 1, 2020, and an increase in sales volumes of other equipment.
- (c) The increase in B2B cable subscription revenue is primarily due to (i) a higher average number of SOHO and Small Business RGUs and (ii) higher volumes of national calls.
- (d) The decrease in B2B mobile subscription revenue is primarily attributable to the net effect of (i) lower roaming out-of-bundle revenue associated with COVID-19 travel restrictions, (ii) the lower ARPU related to pricing pressure in the large corporate segment and (iii) customer base growth.

#### *Programming and other direct costs of services*

Programming and other direct costs of services include programming and copyright costs, mobile access and interconnect costs, mobile handset and other equipment cost of goods sold and other direct costs related to our operations. Programming and copyright costs, which represent a significant portion of our operating costs, are subject to increase in future periods as a result of (i) higher costs associated with the expansion of our digital video content, including rights associated with ancillary product offerings and rights that provide for the broadcast of live sporting events, and (ii) rate increases. In addition we are subject to inflationary pressures with respect to our labor and other costs. Any cost increases that we are not able to pass on to our subscribers through rate increases would result in increased pressure on our operating margins.

Our programming and other direct costs of service increased by €3.4 million or 1.6% during the three months ended March 31, 2021, as compared to the corresponding period in 2020. This increase includes the following factors:

- An increase in equipment costs of €4.0 million or 4.9%, primarily due to the net effect of (i) a decrease in sales volumes of mobile handsets and accessories following extended temporary retail store closures during the COVID-19 pandemic in the first quarter of 2021, (ii) higher average costs per mobile handset sold and (iii) an increase in sales volumes of other equipment;
- An increase in programming costs of €1.9 million or 2.4%, primarily due to net effect of contract renewals in 2020 and 2021, resulting in (i) higher costs for certain premium sport content and (ii) lower costs for basic content; and
- A decrease in interconnect costs of €2.4 million or 5.2%, primarily due to the net effect of (i) lower roaming costs following the travel restrictions as a result of the COVID-19 pandemic and (ii) an increase in costs as a result of higher volumes of national calls.

#### *Other operating expenses*

Other operating expenses include network operations, customer operations, customer care and other costs related to our operations.

Our other operating expenses decreased by €1.3 million or 1.1% during the three months ended March 31, 2021, as compared to the corresponding period in 2020. This decrease includes the following factors:

- A decrease in business service costs of €1.7 million or 14.2%, primarily due to a decrease in facility, travel and entertainment costs;
- An increase in access costs of €1.5 million or 33.0%, primarily due to higher maintenance costs; and

#### *SG&A expenses*

SG&A expenses include human resources, information technology, general services, management, finance, legal, external sales and marketing costs, share-based compensation and other general expenses.

Our SG&A expenses increased by €1.9 million or 1.3% during the three months ended March 31, 2021, as compared to the corresponding period in 2020. Our SG&A expenses include share-based compensation expense, which decreased by €0.2 million. Excluding the effects of share-based compensation expense, our SG&A expenses increased by €2.1 million or 1.5%. This increase includes the following factors:

- An increase in core network and IT costs of €1.7 million or 22.5%, primarily driven by an increase in IT maintenance cost;
- An increase in business services costs of €1.6 million or 10.9%. primarily due to the net effect of (i) higher consultancy and legal costs, (ii) an increase in employee service costs following higher spend on hiring, training and development and (iii) a decrease in facility, travel and entertainment costs as a result of the stay-at-home behaviors during the COVID-19 pandemic; and
- A decrease in sales and marketing costs of €1.0 million or 2.1%, primarily driven by lower sales commissions.

#### *Charges for JV Services*

We recorded charges for JV Services of €60.3 million and €59.6 million during the three months ended March 31, 2021 and 2020, respectively. For additional information regarding charges for JV Services, see note 10 to our condensed consolidated financial statements.

### *Depreciation and amortization expense*

We recorded depreciation and amortization expenses of €380.0 million during each of the three months ended March 31, 2021 and 2020.

### *Impairment, restructuring and other operating items, net*

We recognized impairment, restructuring and other operating items, net, of €2.3 million and €2.2 million during the three months ended March 31, 2021 and 2020, respectively.

The amount for the 2021 period includes (i) restructuring charges of €2.2 million and (ii) impairment charges related to tangible assets of €0.1 million.

The amount for the 2020 period includes (i) restructuring charges of €1.8 million and (ii) impairment charges related to tangible assets of €0.8 million.

### *Interest expense—third-party*

Our third-party interest expense decreased by €14.2 million or 12.0% during the three months ended March 31, 2021, as compared to the corresponding period in 2020, primarily due to lower weighted average interest rates.

For additional information regarding our third-party debt, see note 7 to our condensed consolidated financial statements.

It is possible that the interest rates on (i) any new borrowings could be higher than the current interest rates on our existing indebtedness and (ii) our variable-rate indebtedness could increase in future periods. As further discussed in note 4 to our condensed consolidated financial statements, we use derivative instruments to manage our interest rate risks.

In July 2017, the U.K. Financial Conduct Authority (the authority that regulates LIBOR) announced that it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. Additionally, the European Money Markets Institute (the authority that administers EURIBOR) has announced that measures will need to be undertaken by the end of 2021 to reform EURIBOR to ensure compliance with E.U. Benchmarks Regulation. In November 2020, ICE Benchmark administration (the entity that administers LIBOR) announced its intention to continue publishing USD LIBOR rates until June 30, 2023, with the exception of the one-week and two-month rates which, along with all GBP LIBOR rates, it intends to cease publishing after December 31, 2021. While this extension allows additional runway on existing contracts using USD LIBOR rates, companies are still encouraged to transition away from using USD LIBOR as soon as practicable and should not enter into new contracts that use USD LIBOR after 2021. The methodology for EURIBOR has been reformed and EURIBOR has been granted regulatory approval to continue to be used. Currently, it is not possible to predict the exact transitional arrangements for calculating applicable reference rates that may be made in the U.K., the U.S., the Eurozone or elsewhere given that a number of outcomes are possible, including the cessation of the publication of one or more reference rates.

In October 2020, the International Swaps and Derivatives Association (the **ISDA**) launched a new supplement (the Fallback Supplement), which effective January 25, 2021, will amend the standard definitions for interest rate derivatives to incorporate fallbacks for derivatives linked to certain key interbank offered rates (IBORs). The ISDA also launched a new protocol (the Fallback Protocol), also effective January 25, 2021, that will enable market participants to incorporate these revisions into their legacy non-cleared derivatives with other counterparties that choose to adhere to the protocol. The fallbacks for a particular currency will apply following a permanent cessation of the IBOR in that currency and will be adjusted versions of the risk-free rates identified in each currency. Our loan documents contain provisions that contemplate alternative calculations of the base rate applicable to our LIBOR-indexed and EURIBOR-indexed debt to the extent LIBOR or EURIBOR (as applicable) are not available, which alternative calculations we do not anticipate will be materially different from what would have been calculated under LIBOR or EURIBOR (as applicable). Additionally, no mandatory prepayment or redemption provisions would be triggered under our loan documents in the event that either the LIBOR rate or the EURIBOR rate is not available. It is possible, however, that any new reference rate that applies to our LIBOR-indexed or EURIBOR-indexed debt could be different than any new reference rate that applies to our LIBOR-indexed or EURIBOR-indexed derivative instruments. We anticipate managing this difference and any resulting increased variable-rate exposure through modifications to our debt and/or derivative instruments, however future market conditions may not allow immediate implementation of desired modifications and the company may incur significant associated costs.

### *Interest expense—related-party*

Our related-party interest expense increased by €2.7 million or 13.8% during the three months ended March 31, 2021, as compared to the corresponding period in 2020. This decrease is primarily due to a higher average outstanding loan balances. For additional information regarding our related-party debt, see note 10 to our condensed consolidated financial statements.

### *Realized and unrealized gains on derivative instruments, net*

Our realized and unrealized gains on derivative instruments include (i) unrealized changes in the fair values of our derivative instruments that are non-cash in nature until such time as the derivative contracts are fully or partially settled and (ii) realized gains upon the full or partial settlement of the derivative contracts.

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

	Three months ended	
	March 31,	
	2021	2020
	in millions	
Cross-currency and interest rate derivative contracts (a)	€ 237.4	€ 332.6
Foreign currency forward contracts	0.2	0.4
Total	€ 237.6	€ 333.0

- (a) The gains for the 2021 and 2020 periods are primarily attributable to (i) net gains associated with changes in the relative value of euro to the U.S. dollar and (ii) net gains associated with changes in certain market interest rates. In addition, the results include a net gain (loss) of (€20.0 million) and €38.5 million during the three months ended March 31, 2021 and 2020, respectively, resulting from changes in credit risk valuation adjustment.

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

### *Foreign currency transaction losses, net*

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

	Three months ended	
	March 31,	
	2021	2020
	in millions	
U.S. dollar-denominated debt	€ (207.8)	€ (128.6)
Other	(0.2)	2.4
Total	€ (208.0)	€ (126.2)

### *Losses on debt extinguishment, net*

We recognized a net loss on debt extinguishment of €7.6 million during the three months ended March 31, 2021, attributable to (i) the payment of €5.0 million of redemption premiums and (ii) the write-off of €2.6 million of fair value adjustments and unamortized deferred financing costs.

We recognized a net loss on debt extinguishment of €29.6 million during the three months ended March 31, 2020, attributable to (i) the payment of €40.7 million of redemption premiums and (ii) a gain associated with the write-off of €11.1 million of net unamortized deferred financing costs, discounts and premiums.

For additional information concerning our losses on debt extinguishment, net, see note 7 to our condensed consolidated financial statements.

#### *Income tax benefit (expense)*

We recognized an income tax benefit of €4.4 million during the three months ended March 31, 2021. The foregoing amount does not differ from the expected income tax benefit (based on the Dutch income tax rate of 25.0%).

We recognized a deferred tax expense of €22.9 million during the three months ended March 31, 2020. The foregoing amount does differ from the expected deferred tax expense of €28.3 million (based on the Dutch income tax rate of 25.0%). The difference is primarily due to the impact of future rate changes in the valuation of the deferred taxes and release thereof in addition to a tax benefit related to the filing of the 2017 tax return.

For additional information regarding our income taxes, see note 9 to our condensed consolidated financial statements.

#### *Net loss*

During the three months ended March 31, 2021 and 2020, we reported net earnings (loss) of (€13.2 million) and €90.4 million, respectively, including (i) operating income of €86.6 million and €73.8 million, respectively, (ii) net non-operating income (expense) of (€104.2 million) and €39.5 million, respectively, and (iii) income tax benefit (expense) of €4.4 million and (€22.9 million), respectively.

Gains or losses associated with (i) changes in the fair values of derivative instruments, (ii) movements in foreign currency exchange rates and (iii) the disposition of assets are subject to a high degree of volatility and, as such, any gains from these sources do not represent a reliable source of income. In the absence of significant gains in the future from these sources or from other non-operating items, our ability to achieve earnings from operations is largely dependent on our ability to increase our Adjusted EBITDA to a level that more than offsets the aggregate amount of our (a) depreciation and amortization, (b) impairment, restructuring and other operating items, net, (c) interest expense, (d) other income and (e) income tax expenses.

Subject to the limitations included in our various debt instruments, we expect to maintain our debt at current levels relative to our Covenant EBITDA. As a result, we expect that we will continue to report significant levels of interest expense for the foreseeable future. For information concerning our expectations with respect to trends that may affect our operating results in future periods, see the discussion under *Overview* above.

## **Material Changes in Financial Condition**

### *Sources and Uses of Cash*

As a holding company, VodafoneZiggo's primary assets are its investments in consolidated subsidiaries. As further described in note 7 to our condensed consolidated financial statements, the terms of the instruments governing the indebtedness of certain of these subsidiaries may restrict our ability to access the assets of these subsidiaries. The ability to access the liquidity of our subsidiaries may also be limited by tax and legal considerations and other factors. At March 31, 2021, most of our €326.5 million of consolidated cash was held by our subsidiaries.

### *Liquidity of VodafoneZiggo*

Our sources of liquidity at the parent level include, subject to the restrictions noted above, proceeds in the form of distributions or loans from our subsidiaries. It is the intention of the Shareholders of the VodafoneZiggo JV, that VodafoneZiggo will be a self-funding company capable of financing its activities on a stand-alone basis without recourse to either Shareholder. No assurance can be given that funding from our subsidiaries or external sources would be available on favorable terms, or at all.

VodafoneZiggo's corporate liquidity requirements include corporate general and administrative expenses and fees associated with the JV Service Agreements. From time to time, VodafoneZiggo may also require cash in connection with (i) the

repayment of its related-party debt and interest, (ii) the funding of dividends or distributions pursuant to the Shareholders Agreement, which requires VodafoneZiggo to distribute all unrestricted cash (as defined in the Shareholders Agreement) to the Shareholders every two months (subject to VodafoneZiggo maintaining a minimum amount of cash and complying with the terms of its financing arrangements), (iii) the satisfaction of contingent liabilities, (iv) acquisitions and other investment opportunities or (v) income tax payments.

### ***Liquidity of our Subsidiaries***

In addition to cash, the primary sources of liquidity of our operating subsidiaries are cash provided by operations and, in the case of Ziggo B.V. and certain of its subsidiaries, any borrowing availability under the Revolving Facilities.

The liquidity of our operating subsidiaries generally is used to fund property and equipment additions, debt service requirements and other liquidity requirements that may arise from time to time. For additional information regarding our condensed consolidated cash flows, see the discussion under *Condensed Consolidated Statements of Cash Flows* below. Our subsidiaries may also require funding in connection with (i) the repayment of amounts due under the third-party and related-party debt instruments of our subsidiaries, (ii) acquisitions and other investment opportunities, including the acquisition of spectrum licenses, (iii) distributions or loans to VodafoneZiggo (and ultimately to the Shareholders of the VodafoneZiggo JV) or (iv) the satisfaction of contingencies. No assurance can be given that any external funding would be available to our subsidiaries on favorable terms, or at all.

### ***Capitalization***

At March 31, 2021, the outstanding principal amount of our third-party debt and finance lease obligations aggregated €10.9 billion, including €1.1 billion that is classified as current in our condensed consolidated balance sheet and €9.6 billion that is not due until 2027 or thereafter. For additional information regarding our debt and finance lease maturities, see notes 7 and 8, respectively, to our condensed consolidated financial statements.

As further discussed in note 4 to our condensed consolidated financial statements, we use derivative instruments to mitigate foreign currency and interest rate risk associated with our debt instruments.

Our ability to service or refinance our debt and to maintain compliance with the leverage covenants in our credit agreements and indentures is dependent primarily on our ability to maintain or increase our Covenant EBITDA and to achieve adequate returns on our property and equipment additions and acquisitions. Pursuant to the Shareholders Agreement, we expect to maintain a leverage ratio between 4.5 and 5.0 times Covenant EBITDA. In addition, our ability to obtain additional debt financing is limited by the leverage covenants contained in the various debt instruments of our subsidiaries. In this regard, if our Covenant EBITDA were to decline, we could be required to repay or limit our borrowings under the Credit Facility in order to maintain compliance with applicable covenants. No assurance can be given that we would have sufficient sources of liquidity, or that any external funding would be available on favorable terms, or at all, to fund any such required repayment. We do not anticipate any instances of non-compliance with respect to any of our subsidiaries' debt covenants that would have a material adverse impact on our liquidity during the next 12 months.

Notwithstanding our negative working capital position at March 31, 2021, we believe that we have sufficient resources to repay or refinance the current portion of our debt and finance lease obligations and to fund our foreseeable liquidity requirements during the next 12 months. However, as our maturing debt grows in later years, we anticipate that we will seek to refinance or otherwise extend our debt maturities. No assurance can be given that we will be able to complete these refinancing transactions or otherwise extend our debt maturities. In this regard, it is not possible to predict how political and economic conditions (including with respect to the COVID-19 pandemic), sovereign debt concerns or any adverse regulatory developments could impact the credit markets we access and, accordingly, our future liquidity and financial position. Our ability to access debt financing at favorable terms, or at all, could be adversely impacted by (i) the financial failure of any of our counterparties, which could (a) reduce amounts available under committed credit facilities and (b) adversely impact our ability to access cash deposited with any failed financial institution and (ii) tightening of the credit markets. In addition, sustained or increased competition, particularly in combination with adverse economic or regulatory developments, could have an unfavorable impact on our cash flows and liquidity.

All of our third-party debt and finance lease obligations at March 31, 2021, have been borrowed or incurred by our subsidiaries.

For additional information regarding our debt and finance lease obligations, see notes 7 and 8, respectively, to our condensed consolidated financial statements.

### *Condensed Consolidated Statements of Cash Flows*

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

	<b>Three months ended</b>		
	<b>March 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>Change</b>
	<b>in millions</b>		
Net cash provided by operating activities.....	€ 315.2	€ 256.6	€ 58.6
Net cash used by investing activities.....	(81.3)	(93.7)	12.4
Net cash used by financing activities.....	(206.2)	(256.3)	50.1
Effect of exchange rate changes on cash and cash equivalents and restricted cash..	0.1	2.6	(2.5)
Net increase (decrease) in cash and cash equivalents and restricted cash.....	<u>€ 27.8</u>	<u>€ (90.8)</u>	<u>€ 118.6</u>

*Operating Activities.* The increase in net cash provided by our operating activities is primarily attributable to an increase in the cash provided by our Adjusted EBITDA and related working capital changes. Adjusted EBITDA is a non-GAAP measure, which investors should view as a supplement to, and not a substitute for, GAAP measures of performance included in our condensed consolidated statements of operations.

*Investing Activities.* The decrease in net cash used by our investing activities is primarily attributable to the net effect of (i) lower property and equipment additions and (ii) changes in current liabilities related to capital expenditures.

The capital expenditures that we report in our condensed consolidated statements of cash flows do not include amounts that our company has 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 principal is repaid. In this discussion, we refer to (i) our capital expenditures as reported in our condensed consolidated statements of cash flows, which exclude amounts financed under vendor financing or finance lease arrangements, and (ii) our total property and equipment additions, which include our capital expenditures on an accrual basis and amounts financed under capital-related vendor financing or finance lease arrangements. For further details regarding our property and equipment additions and our debt, see notes 6 and 7, respectively, to our condensed consolidated financial statements. Spectrum license additions include capital expenditures for spectrum licenses on an accrual basis.

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

	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2021</b>	<b>2020</b>
	<b>in millions</b>	
Property and equipment additions.....	€ 194.5	€ 222.7
Assets acquired under capital-related vendor financing arrangements.....	(122.2)	(114.6)
Assets acquired under related-party finance leases.....	(1.9)	(1.5)
Changes in current liabilities related to capital expenditures.....	10.7	(12.4)
Capital expenditures.....	<u>€ 81.1</u>	<u>€ 94.2</u>

The decrease in our property and equipment additions is primarily attributable to a decrease in our baseline, capacity and new build expenditure related to expansion of our fixed-line network, partially offset by an increase in product and enablers expenditure.



During the first quarter of 2021, we recorded spectrum license additions of €163.3 million associated with the 2100 MHz band acquired during the multi-band spectrum auction in July 2020. As of March 31, 2021, the full amount has been accrued to be paid in July 2021.

*Financing Activities.* The decrease in net cash used by our financing activities is primarily due to lower payments for financing costs and debt premiums as a result of the financing transactions as discussed in note 7 to our condensed consolidated financial statements.

### Contractual Commitments

The following table sets forth the euro equivalents of our commitments as of March 31, 2021:

	Payments due during:							Total
	Remainder of 2021	2022	2023	2024	2025	2026	Thereafter	
	in millions							
Debt (excluding interest):								
Third-party .....	€ 984.0	€ 265.4	€ —	€ —	€ —	€ —	€ 9,586.4	€ 10,835.8
Related-party .....	—	—	—	—	—	—	1,607.9	1,607.9
Finance leases (including interest)	6.7	7.5	5.0	3.0	0.9	—	—	23.1
Operating leases .....	47.7	78.7	74.2	71.6	42.1	35.0	114.3	463.6
Programming commitments .....	121.7	118.2	109.6	80.7	43.3	—	—	473.5
JV Service Agreements (a) .....	117.6	117.1	32.8	30.6	30.4	—	—	328.5
Purchase commitments .....	219.2	76.3	3.6	1.5	1.0	0.8	—	302.4
Network and connectivity commitments .....	12.5	8.5	0.2	—	—	—	—	21.2
Other commitments .....	14.3	16.4	8.9	1.8	1.8	1.6	1.8	46.6
Total (b) .....	<u>€ 1,523.7</u>	<u>€ 688.1</u>	<u>€ 234.3</u>	<u>€ 189.2</u>	<u>€ 119.5</u>	<u>€ 37.4</u>	<u>€ 11,310.4</u>	<u>€ 14,102.6</u>
Projected cash interest payments on debt obligations (c):								
Third-party .....	€ 236.3	€ 381.0	€ 380.8	€ 380.8	€ 380.2	€ 372.5	€ 700.6	€ 2,832.2
Related-party .....	68.2	90.5	90.5	90.5	90.5	90.5	361.9	882.6
Total .....	<u>€ 304.5</u>	<u>€ 471.5</u>	<u>€ 471.3</u>	<u>€ 471.3</u>	<u>€ 470.7</u>	<u>€ 463.0</u>	<u>€ 1,062.5</u>	<u>€ 3,714.8</u>

- (a) Amounts represent fixed minimum charges from Liberty Global and Vodafone pursuant to the JV Service Agreements. In addition to the fixed minimum charges, the JV Service Agreements provide for certain JV Services to be charged to us based upon usage of the services received. The fixed minimum charges set forth in the table above exclude fees for the usage-based services as these fees will vary from period to period. Accordingly, we expect to incur charges in addition to those set forth in the table above for usage-based services. For additional information concerning the JV Service Agreements, see note 10 to our condensed consolidated financial statements.
- (b) The commitments included in this table do not reflect any liabilities that are included in our March 31, 2021, condensed consolidated balance sheet other than debt and finance and operating lease obligations.
- (c) Amounts include interest payments on third-party debt obligations, as well as interest payments on the Liberty Global Notes and the Vodafone Notes. Amounts related to third-party debt are based on interest rates, interest payment dates, commitment fees and contractual maturities in effect as of March 31, 2021. These amounts are presented for illustrative purposes only and will likely differ from the actual cash payments required in future periods. In addition, the amounts presented do not include the impact of our interest rate derivative contracts, deferred financing costs or original issue premiums or discounts.

For information concerning our debt obligations, finance and operating lease liabilities, the Liberty Global Notes and the Vodafone Notes, and commitments, see notes 7, 8, 10 and 11, respectively, to our condensed consolidated financial statements.

In addition to the commitments set forth in the table above, we have commitments under (i) derivative instruments and (ii) multiemployer benefit plans, pursuant to which we expect to make payments in future periods. For information regarding projected cash flows associated with these derivative instruments, see *Projected Cash Flows Associated with Derivative Instruments* below. For information regarding our derivative instruments, including the net cash paid or received in connection with these instruments during the three months ended March 31, 2021, and 2020, see note 4 to our condensed consolidated financial statements.

### ***Projected Cash Flows Associated with Derivative Instruments***

The following table provides information regarding the projected cash flows associated with our derivative instruments. The euro equivalents presented below are based on interest rates and exchange rates that were in effect as of March 31, 2021. These amounts are presented for illustrative purposes only and will likely differ from the actual cash receipts/payments in future periods. For additional information regarding our derivative instruments, including our counterparty credit risk, see note 4 to our condensed consolidated financial statements.

	<b>Receipts (payments) due during:</b>							<b>Total</b>
	<b>Remainder of 2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>Thereafter</b>	
	<b>in millions</b>							
Projected derivative cash receipts (payments), net:								
Interest-related (a).....	€ (36.2)	€ (11.6)	€ (11.6)	€ (11.9)	€ (24.4)	€ (34.8)	€ (89.3)	€ (219.8)
Principal-related (b).....	—	—	—	—	110.6	—	(117.2)	(6.6)
<b>Total.....</b>	<b>€ (36.2)</b>	<b>€ (11.6)</b>	<b>€ (11.6)</b>	<b>€ (11.9)</b>	<b>€ 86.2</b>	<b>€ (34.8)</b>	<b>€ (206.5)</b>	<b>€ (226.4)</b>

(a) Includes (i) the cash flows of our interest rate cap and floor contracts and (ii) the interest-related cash flows of our cross-currency and interest rate swap contracts.

(b) Includes the principal-related cash flows of our cross-currency swap contracts.