eircom Holdings (Ireland) Limited

Unaudited results for the quarter and fifteen months ending 30 September 2021

24 November 2021

eircom Holdings (Ireland) Limited

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Table of contents

eircom Holdings (Ireland) Limited

Trading highlights for the quarter ended 30 September 2021[1]

- Revenue of €299 million for the three months to 30 September 2021 increased by €3 million or 1% year on year. Growth in data services, postpay, and bundling, as well as the addition of NBP access revenue and the integration of revenue of the Evros Technology Group (Evros), was offset by a reduction in traditional access, voice traffic, sport content, UK, and prepay revenues.

- Group adjusted EBITDA[2] of €153 million remained broadly stable, decreasing by €1 million year on year.

- Fixed line revenue of €231 million increased by €10 million or 5% year on year, driven by growth in data services, bundling, as well as the addition of NBP access and Evros revenue streams.

- The group broadband customer base[3] at 30 September 2021 was 967,000, stable year on year. The retail customer base decreased by 3% or 13,000, while the wholesale base increased by 3% or 13,000. There were 823,000 customers availing of fibre based high speed broadband services, an increase of 5% or 39,000 year on year.

- Group fixed access paths decreased by 37,000 or 3% year on year, with a reduction in fixed line access net losses of 87,000[4]. Standalone broadband (SABB) lines increased by 21% or 50,000 year on year.

- Mobile revenue of €77 million decreased by 6% or €4 million year on year. An increase in postpay, mobile broadband and roaming revenues was offset by a decrease in prepay and other mobile revenues.

- Total mobile customers at 30 September 2021 were 1,206,000[5], including 869,000 postpay customers and 337,000 prepay customers. The postpay customer base increased by 10% or 78,000 year on year, bringing the number of customers on postpay contracts to 72%, an increase of 5 percentage points year on year. The prepay base reduced by 14% or 56,000 year on year primarily driven by migration of customers to postpay contracts.

- Group operating costs[6] of €146 million increased by 3% or €4 million year on year.

- Full Time Equivalent (FTE) staff totalled 3,352 at 30 September 2021, an increase of 3% or 92 FTE year on year. A reduction in headcount as a result of voluntary leave programmes was offset by increased headcount as a result of the acquisition of Evros.

- Despite continued high levels of capital investment, the Group maintains strong liquidity with cash on hand of €192 million as at 30 September 2021.

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[1] The figures presented above include amounts relating to the Groups 56% share in Tetra Ireland Communication Limited ("Tetra"). Following the adoption of IFRS 11, Joint Arrangements, Tetra is reported in the financial statements under the equity method as opposed to proportionate consolidation. The management discussion and analysis section of this quarterly report presents results on a management accounting basis and therefore includes the results of the Group's joint ventures on a proportionate basis, reflected in Group revenue, operating costs and EBITDA.

[2] Adjusted EBITDA is earnings before interest, taxation, amortisation, depreciation, non-cash lease fair value credits, non-cash pension charge, management charge, profit on disposal of Property, Plant and Equipment and exceptional items.

[3] Combined retail and wholesale excluding LLU and line share, including SABB.

[4] Combined retail and wholesale access line losses including LLU.

[5] Mobile base is a combination of handset subscriptions, machine to machine and mobile broadband subscriptions.

[6] Operating costs are pay and non-pay costs before non-cash pension charge and management charge.

eircom Holdings (Ireland) Limited

KPIs for the quarter ended 30 September 2021 (unaudited)

	As at and for the three months ended		
	30 Sept 2020 (unaudited)	**30 Sept 2021 (unaudited)**	**Change 2020/2021[N1]**
Group Access Line Base ('000)			
Retail Access Lines	616	581	(6%)
Retail SABB*	25	24	(4%)
Wholesale Access Lines	436	384	(12%)
Wholesale SABB[7]	217	268	23%
Wholesale LLU[8]	2	2	(22%)
Total Access Lines	**1,296**	**1,259**	**(3%)**
Retail Voice Traffic (millions of minutes)	259	202	(22%)
Broadband Line Base ('000)			
Retail Broadband Lines	455	442	(3%)
Wholesale Broadband Lines	512	525	3%
Total Broadband Lines	**967**	**967**	**0%**
- *of which fibre broadband lines*	*784*	*823*	*5%*
Mobile Customer Base ('000)			
Prepay Handset Customers	389	335	(14%)
Prepay MBB Customers	4	2	(51%)
Total Prepay Customers	**393**	**337**	**(14%)**
Postpay Handsets (including M2M)	762	827	9%
Postpay MBB	29	43	44%
Total Postpay Customers	**791**	**869**	**10%**
Total Mobile Customers	**1,184**	**1,206**	**2%**
ARPUs (€) [N2 & N3]			
Consumer Blended ARPU	49.3	47.1	(5%)
WLR PSTN ARPU	16.5	16.4	(1%)
Bitstream ARPU (including SABB)	14.9	16.8	13%
Prepay ARPU (including MBB)	15.6	16.6	6%
Postpay ARPU (including MBB/M2M)	22.7	20.7	(9%)
Closing FTE Headcount	**3,260**	**3,352**	**3%**

[7] SABB: Standalone Broadband.
[8] LLU: Local Loop Unbundled.

eircom Holdings (Ireland) Limited

Basis of preparation

This financial information has been prepared to make available certain unaudited condensed consolidated financial information to the holders of the group's Senior Secured Notes. Accordingly, the group has not prepared this financial information in accordance with IAS 34 – “Interim Financial Information” and has not carried out an impairment review of the carrying value of goodwill and other non-current assets as at 30 September 2021. In addition, the fair values of the assets and liabilities acquired on the acquisition of the Evros Technology Group have not been determined in accordance with IFRS 3, “Business Combinations” and the values included in the financial information for the Evros Technology Group are provisional for the period ended 30 September 2021.

This condensed interim financial information has been prepared on the going concern basis, which assumes that eircom Holdings (Ireland) Limited will continue in operational existence for the foreseeable future.

The financial information, as at and for the period ended 30 September 2021, in respect of the group has been prepared using the same accounting policies as applied for the year ended 30 June 2020. For a more complete discussion of our significant accounting policies and other information, including our critical accounting judgements and estimates, this report should be read in conjunction with the financial statements of EHIL for the year ended 30 June 2020.

Reconciliation of statutory financial statements to the results presented in the management discussion and analysis section within this quarterly document [9]

	For the three months ended 30 September 2020			For the three months ended 30 September 2021		
	Reported €m	**Adjusted €m**	**Statutory €m**	**Reported €m**	**Adjusted €m**	**Statutory €m**
Revenue	296	(5)	291	**299**	**(4)**	**295**
Operating costs excluding non-cash pension charge and fair value lease credits	(142)	3	(139)	**(146)**	**1**	**(145)**
Adjusted EBITDA[10]	154	(2)	152	**153**	**(3)**	**150**
Closing Cash	528	(4)	524	**192**	**(6)**	**186**

[9] The statutory financial statements are prepared in accordance with IFRS accounting principles and include the results of the group’s joint ventures using the equity accounting basis rather than on a proportionate consolidation basis. The management discussion and analysis section of this quarterly report presents results on a management accounting basis and therefore includes the results of the group’s joint ventures on a proportionate basis, reflected in group revenue, operating costs and EBITDA.

[10] Adjusted EBITDA is earnings before interest, taxation, amortisation, depreciation, non-cash pension charge, management charge, non-cash lease contracts, exceptional items and profit on disposal of property, plant and equipment.

eircom Holdings (Ireland) Limited

Reconciliation of earnings before interest, taxation, amortisation, depreciation, non-cash lease fair value credits, non-cash pension charges, management charge and exceptional items to operating profit

	Three months ended Sept-20 €m	Three months ended Sept-21 €m	Twelve months ended June-20 €m	Fifteen months ended Sept-21 €m
Operating profit	222	**57**	132	**433**
Profit on disposal of property, plant and equipment	-	**(2)**	-	**(2)**
Profit on disposal of right of use assets	-	**-**	-	**(5)**
Exceptional gain on exit from subsidiary	(186)	**-**	-	**(174)**
Exceptional items	20	**10**	72	**87**
Management charge	2	**2**	7	**9**
Non-cash pension charge	1	**3**	13	**7**
Operating profit before non-cash pension charges, management charge and exceptional items	59	**70**	224	**355**
Depreciation of right of use assets	11	**12**	42	**57**
Depreciation of property, plant and equipment	65	**60**	278	**330**
Amortisation	17	**8**	80	**55**
EBITDA before non-cash pension charges, management charge and exceptional items	152	**150**	624	**797**
IFRS 3 unfavourable lease fair value adjustment	-	**-**	(1)	**(1)**
Adjusted EBITDA before non-cash lease fair value credits, non-cash pension charges, management charge and exceptional items	152	**150**	623	**796**
EBITDA of joint ventures using proportionate consolidation	2	**3**	10	**13**
Reported EBITDA* before non-cash lease fair value credits, non-cash pension charges, management charge and exceptional items	154	**153**	633	**809**

Reported EBITDA* before non-cash lease fair value credits, non-cash pension charges, management charge and exceptional items is split as follows:				
Fixed line	124	**122**	496	**637**
Mobile	30	**31**	138	**171**
Inter-segment	-	**-**	(1)	**1**
	154	**153**	633	**809**

***** *Reported EBITDA includes the results of the group's joint ventures on a proportionate basis. The statutory basis includes the results of the group's joint ventures using the equity accounting basis rather than on a proportionate consolidation basis.*

eircom Holdings (Ireland) Limited

Consolidated Income Statement – unaudited
For the three-month period ended 30 September 2021

	3 months 30 Sept 2020	3 months 30 Sept 2021
	€m	€m
Revenue	291	**295**
Operating costs excluding amortisation, depreciation and exceptional items	(142)	**(150)**
Amortisation	(17)	**(8)**
Depreciation of property, plant and equipment	(65)	**(60)**
Depreciation of right of use assets	(11)	**(12)**
Exceptional items	(20)	**(10)**
Exceptional gain on exit from subsidiary	186	**-**
Profit on disposal of property, plant and equipment	-	**2**
Operating profit	222	**57**
Finance costs – net	(21)	**(25)**
Share of profit of joint venture	2	**2**
Profit before tax	203	**34**
Income tax credit/(charge)	11	**(7)**
Profit for the period	214	**27**

Consolidated Income Statement – unaudited
For the fifteen-month period ended 30 September 2021

	Notes	12 months 30 June 2020	15 months 30 Sept 2021
		€m	€m
Revenue	3	1,195	**1,478**
Operating costs excluding amortisation, depreciation and exceptional items		(591)	**(697)**
Amortisation	3	(80)	**(55)**
Depreciation of property, plant and equipment	3	(278)	**(330)**
Depreciation of right of use assets	3	(42)	**(57)**
Exceptional items	3, 4	(72)	**(87)**
Exceptional gain on exit from subsidiary	3, 5	-	**174**
Profit on disposal of property, plant and equipment		-	**2**
Profit on disposal of right of use assets		-	**5**
Operating profit	3	132	**433**
Finance costs – net	6	(111)	**(120)**
Share of profit of joint venture		8	**9**
Profit before tax		29	**322**
Income tax charge	7	(7)	**(9)**
Profit for the period		22	**313**

eircom Holdings (Ireland) Limited

Group statement of comprehensive income – unaudited
For the three-month period ended 30 September 2021

	3 months 30 Sept 2020	3 months 30 Sept 2021
	€m	**€m**
Profit for the financial period attributable to equity holders of the parent	214	**27**
Other comprehensive expense:		
Items that will not be reclassified to profit or loss		
Defined benefit pension scheme remeasurement losses:		
- Remeasurement loss in period	(177)	(51)
- Tax on defined benefit pension scheme remeasurement losses	22	6
Other comprehensive expense, net of tax	**(155)**	**(45)**
Total comprehensive income/(expense) for the financial period	59	**(18)**

Group statement of comprehensive income – unaudited
For the fifteen-month period ended 30 September 2021

	12 months 30 June 2020	15 months 30 Sept 2021
	€m	**€m**
Profit for the financial period attributable to equity holders of the parent	22	**313**
Other comprehensive income/(expense):		
Items that will not be reclassified to profit or loss		
Defined benefit pension scheme remeasurement gain/(losses):		
- Remeasurement gain/(loss) in period	287	**(347)**
- Tax on defined benefit pension scheme remeasurement (gain)/losses	(36)	**43**
Other comprehensive income/(expense), net of tax	251	**(304)**
Items that may be reclassified subsequently to profit or loss		
Net changes in cash flow hedge reserve:		
- Fair value gain in period	1	**-**
Other comprehensive income/(expense), net of tax	252	**(304)**
Total comprehensive income for the financial period	274	**9**

The accompanying notes form an integral part of the condensed interim financial information.

eircom Holdings (Ireland) Limited

Consolidated Balance Sheet – unaudited
As at 30 September 2021

	Notes	30 June 2020	30 Sept 2021
		€m	**€m**
Assets			
Non-current assets			
Goodwill		212	**288**
Other intangible assets		196	**157**
Property, plant and equipment		1,313	**1,314**
Right of use assets		244	**384**
Investments		-	**4**
Retirement benefit asset	11	468	**114**
Deferred tax assets		2	**2**
Other assets		14	**14**
		2,449	**2,277**
Current assets			
Inventories		20	**22**
Trade and other receivables	8	166	**215**
Contract assets		41	**31**
Restricted cash		3	**1**
Cash and cash equivalents		249	**186**
		479	**455**
Assets held for sale		57	**-**
		536	**455**
Total assets		2,985	**2,732**
Liabilities			
Non-current liabilities			
Borrowings	9	2,533	**2,537**
Lease liabilities	10	294	**561**
Trade and other payables		37	**35**
Deferred tax liabilities		114	**46**
Provisions for other liabilities and charges	12	118	**123**
		3,096	**3,302**
Current liabilities			
Lease liabilities	10	36	**55**
Trade and other payables		451	**464**
Current tax liabilities		10	**12**
Provisions for other liabilities and charges	12	13	**18**
		510	**549**
Liabilities directly associated with the assets held for sale		57	**-**
		567	**549**
Total liabilities		3,663	**3,851**
Equity			
Equity share capital		-	**-**
Capital contribution		62	**62**
Retained loss		(740)	**(1,181)**
Total equity		(678)	**(1,119)**
Total liabilities and equity		2,985	**2,732**

The accompanying notes form an integral part of the condensed interim financial information.

eircom Holdings (Ireland) Limited

Consolidated cash flow statement – unaudited
For the three-month period ended 30 September 2021

	3 months 30 Sept 2020	3 months 30 Sept 2021
	€m	€m
Cash flows from operating activities		
Cash generated from operations	91	**57**
Interest paid	(12)	**(16)**
Income tax paid	-	**(1)**
Net cash generated from operating activities	79	**40**
Cash flows from investing activities		
Disposal of subsidiary undertaking, net of cash disposed	298	**-**
Purchase of property, plant and equipment (PPE)	(91)	**(61)**
Purchase of intangible assets	(3)	**(7)**
Proceeds from sale of PPE assets	1	**2**
Dividend received from joint arrangement	2	**-**
Net cash generated from /(used in) investing activities	207	**(66)**
Cash flows from financing activities		
Payment of principal on lease liabilities	(11)	**(7)**
Net cash used in financing activities	(11)	**(7)**
Net increase/(decrease) in cash, cash equivalents and bank overdrafts	275	**(33)**
Cash, cash equivalents and bank overdrafts at beginning of period	249	**219**
Cash, cash equivalents and bank overdrafts at end of period	524	**186**

eircom Holdings (Ireland) Limited

Consolidated cash flow statement – unaudited
For the fifteen-month period ended 30 September 2021

	Notes	12 months 30 June 2020	15 months 30 Sept 2021
		€m	**€m**
Cash flows from operating activities			
Cash generated from operations	13	609	**663**
Interest paid		(98)	**(115)**
Income tax paid		(2)	**(32)**
Net cash generated from operating activities		509	**516**
Cash flows from investing activities			
Disposal of subsidiary undertaking, net of cash disposed		-	**296**
Acquisition of subsidiary undertaking, net of cash acquired		-	**(50)**
Purchase of property, plant and equipment (PPE)		(257)	**(314)**
Purchase of intangible assets		(37)	**(29)**
Proceeds from sale of PPE assets		-	**4**
Proceeds from sale of ROU assets		-	**4**
Dividend received from joint arrangement		8	**6**
Restricted cash		6	**2**
Net cash used in investing activities		(280)	**(81)**
Cash flows from financing activities			
Dividends paid to equity shareholder		(80)	**(450)**
Payment of principal on lease liabilities		(47)	**(48)**
Repayment on borrowings		(700)	**-**
Proceeds from issuance of 1.75% Senior Secured Notes		350	**-**
Proceeds from issuance of 2.625% Senior Secured Notes		350	**-**
Repayment on Revolving Credit Facility		(100)	**-**
Debt issue costs		(5)	**-**
Debt modification fees		(3)	**-**
Net cash used in financing activities		(235)	**(498)**
Net decrease in cash, cash equivalents and bank overdrafts		(6)	**(63)**
Cash, cash equivalents and bank overdrafts at beginning of period		255	**249**
Cash, cash equivalents and bank overdrafts at end of period		249	**186**

The accompanying notes form an integral part of the condensed interim financial information.

eircom Holdings (Ireland) Limited

Consolidated statement of changes in shareholders' equity – unaudited
For the fifteen-month period ended 30 September 2021

	Equity share capital €m	Capital contribution €m	Cash flow hedging reserve €m	Retained loss €m	Total equity €m
Balance at 30 June 2019	-	62	(1)	(933)	(872)
Profit for the 12 month period	-	-	-	22	22
Defined benefit pension scheme remeasurement gain	-	-	-	287	287
Tax on defined benefit pension scheme remeasurement gain	-	-	-	(36)	(36)
Cash flow hedges:					
- Fair value gain in year	-	-	1	-	1
Total comprehensive income	-	-	1	273	274
Dividends relating to equity shareholder	-	-	-	(80)	(80)
Balance at 30 June 2020	**-**	**62**	**-**	**(740)**	**(678)**
Balance at 30 June 2020	**-**	**62**	**-**	**(740)**	**(678)**
Profit for the 15 month period	**-**	**-**	**-**	**313**	**313**
Defined benefit pension scheme remeasurement loss	**-**	**-**	**-**	**(347)**	**(347)**
Tax on defined benefit pension scheme remeasurement loss	**-**	**-**	**-**	**43**	**43**
Total comprehensive income	**-**	**-**	**-**	**9**	**9**
Dividends relating to equity shareholder	**-**	**-**	**-**	**(450)**	**(450)**
Balance at 30 September 2021	**-**	**62**	**-**	**(1,181)**	**(1,119)**

The accompanying notes form an integral part of the condensed interim financial information.

eircom Holdings (Ireland) Limited

Selected notes to the condensed interim financial information – unaudited

1. General information

eircom Holdings (Ireland) Limited ("the company' or "EHIL") and its subsidiaries together ("the group" or "eircom Holdings (Ireland) Limited group" or "EHIL Group"), provide fixed line and mobile telecommunications services in Ireland.

This condensed consolidated interim financial information was approved for issue on 24 November 2021.

2. Basis of preparation

This financial information has been prepared to make available certain unaudited condensed consolidated financial information to the holders of the group's Senior Secured Notes. Accordingly, the group has not prepared this financial information in accordance with IAS 34 – "Interim Financial Information" and has not carried out an impairment review of the carrying value of goodwill and other non-current assets as at 30 September 2021. In addition, the fair values of the assets and liabilities acquired on the acquisition of the Evros Technology Group have not been determined in accordance with IFRS 3, "Business Combinations" and the values included in the financial information for the Evros Technology Group are provisional for the period ended 30 September 2021.

This condensed interim financial information has been prepared on the going concern basis, which assumes that eircom Holdings (Ireland) Limited will continue in operational existence for the foreseeable future.

The financial information, as at and for the period ended 30 September 2021, in respect of the group has been prepared using the same accounting policies as applied for the year ended 30 June 2020. For a more complete discussion of our significant accounting policies and other information, including our critical accounting judgements and estimates, this report should be read in conjunction with the financial statements of EHIL for the year ended 30 June 2020.

eircom Holdings (Ireland) Limited

Selected notes to the condensed interim financial information – unaudited (continued)

3. Segment information

The group provides communications services, principally in Ireland. The group is organised into two main operating segments: fixed line and mobile.

The segment results for the fifteen-month period ended 30 September 2021 are as follows:

	Fixed line €m	**Mobile €m**	**Inter-segment €m**	**Reported* €m**	**Adjusted €m**	**Statutory* €m**
Revenue	1,136	404	(41)	**1,499**	(21)	**1,478**
EBITDA **	637	171	1	**809**	(13)	**796**
Non-cash lease fair value credits	1	-	-	**1**	-	**1**
Non-cash pension charges	(7)	-	-	**(7)**	-	**(7)**
Management charge	(9)	-	-	**(9)**	-	**(9)**
Amortisation	(31)	(24)	-	**(55)**	-	**(55)**
Depreciation of PPE	(301)	(31)	-	**(332)**	2	**(330)**
Depreciation of right of use assets	(20)	(36)	(1)	**(57)**	-	**(57)**
Exceptional items	(68)	(19)	-	**(87)**	-	**(87)**
Exceptional gain on exit from subsidiary	-	174	-	**174**	-	**174**
Profit on disposal of PPE	2	-	-	**2**	-	**2**
Profit on disposal of right of use assets	-	5	-	**5**	-	**5**
Operating profit	**204**	**240**	**-**	**444**	**(11)**	**433**

The segment results (revised) for the twelve-month period ended 30 June 2020 are as follows:

	Fixed line €m	**Mobile €m**	**Inter-segment €m**	**Reported* €m**	**Adjusted €m**	**Statutory* €m**
Revenue	917	332	(36)	**1,213**	(18)	**1,195**
EBITDA **	496	138	(1)	**633**	(10)	**623**
Non-cash lease fair value credits	1	-	-	**1**	-	**1**
Non-cash pension charges	(13)	-	-	**(13)**	-	**(13)**
Management charge	(7)	-	-	**(7)**	-	**(7)**
Amortisation	(59)	(21)	-	**(80)**	-	**(80)**
Depreciation of PPE	(252)	(27)	-	**(279)**	1	**(278)**
Depreciation of right of use assets	(14)	(29)	1	**(42)**	-	**(42)**
Exceptional items	(58)	(14)	-	**(72)**	-	**(72)**
Operating profit	94	47	-	**141**	(9)	**132**

* Reported EBITDA includes the results of the group's joint ventures on a proportionate basis. The statutory basis includes the results of the group's joint ventures using the equity accounting basis rather than on a proportionate consolidation basis.

** EBITDA is earnings before interest, taxation, amortisation, depreciation of property, plant & equipment and right of use assets, non-cash lease fair value credits, non-cash pension charges, management charge and exceptional items.

4. Exceptional items

	12 months 30 June 2020 €m	15 months 30 Sept 2021 €m
Restructuring programme costs	49	**52**
Covid-19 related costs	8	**3**
Transaction related costs	3	**2**
Group re-organisation costs	6	**5**
Impairment of leased assets	5	**18**
Other exceptional items	1	**7**
	72	**87**

The group has adopted an income statement format which seeks to highlight significant items within group results for the period. The group believe that this presentation provides additional analysis as it highlights significant or one-off items. Judgement is used by the group in assessing the particular items, which by virtue of their scale and nature are disclosed in the group income statement and related notes as exceptional items.

Restructuring programme costs
The group included an exceptional charge of €52 million (30 June 2020: €49 million) for restructuring programme costs in respect of staff that had committed to exiting the business in the period ended 30 September 2021.

No provision has been included in respect of future staff exits not committed at 30 September 2021, and any further costs will be charged to the income statement and impact cash flows in future periods.

The charge of €52 million at 30 September 2021 includes an IAS 19 (Revised) defined benefit pension charge in relation to past service costs of €7 million (30 June 2020: €3 million).

Covid-19 related costs
The group included an additional charge of €3 million (30 June 2020: €8 million) for the cost impact of the Covid-19 pandemic, mainly due to staff costs and the purchase of Personal Protective Equipment (PPE), in the period ended 30 September 2021.

Transaction related costs
The group recognised an exceptional charge of €2 million for costs incurred relating to the acquisition of the Evros Technology Group, a leading IT services provider, in the period ended 30 September 2021.

The group recognised an exceptional charge of €3 million for costs incurred in connection with the disposal of its subsidiary undertaking, Emerald Tower Limited, in the year ended 30 June 2020.

Group re-organisation costs
The group included an exceptional charge of €5 million for re-organisation costs in the period ended 30 September 2021 in relation to an IT project and exit from the Network Sharing Agreement with Three.

The group included an exceptional charge of €6 million for re-organisation of the business in the year ended 30 June 2020 in relation to the transfer of Meteor's mast business to a separate group undertaking and the exit from the Network Sharing Agreement with Three.

Impairment of leased assets
The group recognised an impairment on leased assets of €18 million (30 June 2020: €5 million) during the period ended 30 September 2021.

Other exceptional items
During the period ended 30 September 2021, the group recognised an exceptional charge of €7 million (30 June 2020: €1 million) in respect of legal and other related matters.

eircom Holdings (Ireland) Limited

Selected notes to the condensed interim financial information – unaudited (continued)

5. Exceptional gain on exit from subsidiary

	30 Sept 2021 €m
Disposal consideration	**300**
Net assets disposed	**(3)**
Other liabilities relating to the exit	**(12)**
Impairment of right of use assets	**(111)**
	174

In July 2020, the group completed the sale of the entire share capital of Emerald Tower Limited, its fully owned mobile telecom infrastructure management company in Ireland, to Phoenix Tower Ireland Limited.

6. Finance costs – net

	12 months 30 June 2020 €m	15 months 30 Sept 2021 €m
(a) Finance costs:		
Interest payable on bank loans and other debts	84	**96**
Net interest cost on net pension liability	(3)	**(9)**
Amortisation of debt issue costs and debt modification fees	3	**3**
Interest on lease liabilities	15	**28**
Other unwinding of discount	6	**1**
Negative interest on cash deposits	-	**1**
	105	**120**
Write off of debt modification fees	6	**-**
	111	**120**
(b) Finance income:		
Interest income	-	**-**
Finance costs – net	111	**120**

7. Income tax charge

The tax on the group's profit before tax differs from the amount that would arise using the weighted average tax rate applicable to the profit of the group as follows: -

	12 months 30 June 2020 €m	15 months 30 Sept 2021 €m
Profit before tax	29	**322**
Tax calculated at Irish standard tax rate of 12.5%	4	**40**
Effects of:-		
Non-deductible expenses	6	**7**
Income taxable at higher rate	-	**1**
Utilisation of losses carried forward	(1)	**-**
Group relief claimed	(1)	**-**
Income not subject to taxation	-	**(39)**
Adjustments in respect of prior periods	(1)	**-**
Tax charge for the period	7	**9**

8. Trade and other receivables

During the period ended 30 September 2021, the group recognised a provision for impaired receivables of €5 million (30 June 2020: €16 million and utilised provisions for impaired receivables of €7 million (30 June 2020: €6 million). The creation and reversal of provisions for impaired receivables have been included in "operating costs" in the income statement.

9. Borrowings

The maturity profile of the carrying amount of the group's borrowings is set out below.

	Within 1 Year €m	**Between 1 & 2 Years €m**	**Between 2 & 5 Years €m**	**After 5 Years €m**	**Total €m**
As at 30 Sept 2021					
Bank borrowings (Facility B)	**-**	**-**	**1,100**	**-**	**1,100**
Debt modification fees	**-**	**-**	**(7)**	**-**	**(7)**
	-	**-**	**1,093**	**-**	**1,093**
3.5% Senior Secured Notes due 2026	**-**	**-**	**750**	**-**	**750**
1.75% Senior Secured Notes due 2024	**-**	**-**	**350**	**-**	**350**
2.625% Senior Secured Notes due 2027	**-**	**-**	**-**	**350**	**350**
Debt issue costs	**-**	**-**	**(5)**	**(1)**	**(6)**
	-	**-**	**1,095**	**349**	**1,443**
	-	**-**	**2,188**	**349**	**2,537**
As at 30 June 2020					
Bank borrowings (Facility B)	-	-	-	1,100	1,100
Debt modification fees	-	-	-	(8)	(8)
	-	-	-	1,092	1,092
3.5% Senior Secured Notes due 2026	-	-	-	750	750
1.75% Senior Secured Notes due 2024	-	-	350	-	350
2.625% Senior Secured Notes due 2027	-	-	-	350	350
Debt issue costs	-	-	(2)	(7)	(9)
	-	-	348	1,093	1,441
	-	-	348	2,185	2,533

At 30 September 2021, the group has Senior Bank borrowings of €1,100 million with a maturity date of 15 May 2026 and Senior Secured Notes of €750 million with a maturity date of 15 May 2026, €350 million with a maturity date of 1 November 2024 and €350 million with a maturity date of 15 February 2027.

At 30 September 2021, the group has a €50 million revolving credit facility, which was undrawn at 30 September 2021.

Interest accrued on borrowings at 30 September 2021 is €18 million (30 June 2020: €8 million). This is included in trade and other payables.

10. Lease liabilities

The carrying amounts of lease liabilities and the movements during the period are set out below:

	30 Sept 2021 €m
At beginning of financial period	**330**
Additions	331
Arising on acquisition	1
Modifications	5
Carrying value of lease disposals	(3)
Interest	28
Payments	(76)
	616
Non-current	**561**
Current	**55**
	616

11. Pensions

The group's pension commitments are funded through separately administered Superannuation Schemes and are principally of a defined benefit nature. The group undertakes a full review of the retirement benefit liability at each quarter end in accordance with IAS 19 (Revised). The balance sheet presented as at 30 September 2021 reflects the IAS 19 (Revised) surplus of €114 million as at 30 September 2021.

Pension scheme obligation

The status of the principal scheme at 30 September 2021 is as follows:

	30 June 2020 €m	**30 Sept 2021 €m**
Present value of funded obligations	(4,012)	**(4,572)**
Fair value of scheme assets	4,480	**4,686**
Asset recognised in the Balance Sheet	468	**114**

Assumptions of actuarial calculations

The main financial assumptions used in the valuations were:

	At 30 June 2020	**At 30 Sept 2021**
Rate of increase in salaries	0.90%	1.80%
Rate of increase in pensions in payment	0.90%	1.80%
Discount rate	1.45%	1.30%
Inflation assumption	1.00%	1.90%
Mortality assumptions – Pensions in payment – Implied life expectancy for 65 year old male	88 years	88 years
Mortality assumptions – Pensions in payment – Implied life expectancy for 65 year old female	89 years	89 years
Mortality assumptions – Future retirements – Implied life expectancy for 65 year old male	90 years	90 years
Mortality assumptions – Future retirements – Implied life expectancy for 65 year old female	92 years	92 years

The above assumptions reflect the imposition of a cap on the increases in pensionable pay to the lower of CPI, salary inflation or agreed fixed annual rates.

12. Provisions for other liabilities and charges

	Onerous Contracts €m	TIS Annuity Scheme €m	Asset Retirement Obligations €m	Deferred Consideration /Completion Staff Scheme €m	Other €m	Total €m
At 30 June 2020	**36**	**6**	**52**	**-**	**37**	**131**
Arising on acquisition	-	-	-	26	-	**26**
Charged to consolidated income statement:						
- Additional provisions	-	-	-	-	10	**10**
Transfer to receivables	-	-	-	-	(1)	**(1)**
Increase in provision capitalised as ARO	-	-	2	-	-	**2**
Utilised in the financial period	(3)	(2)	-	(16)	(6)	**(27)**
At 30 September 2021	**33**	**4**	**54**	**10**	**40**	**141**

Provisions have been analysed between non-current and current as follows:

	30 June 2020 €m	30 Sept 2021 €m
Non-current	118	**123**
Current	13	**18**
	131	**141**

13. Cash generated from operations

	12 months 30 June 2020 €m	15 months 30 Sept 2021 €m
Profit after tax	22	**313**
Add back:		
Income tax charge	7	**9**
Share of profit of joint venture	(8)	**(9)**
Finance costs – net	111	**120**
Operating profit	132	**433**
Adjustments for:		
- Gain on exit from subsidiary	-	**(174)**
- Profit on disposal of property, plant and equipment	-	**(2)**
- Profit on disposal of right of use assets	-	**(5)**
- Depreciation and amortisation	400	**442**
- Non-cash lease fair value credits	(1)	**(1)**
- Non cash retirement benefit charges	13	**7**
- Management charge	7	**9**
- Restructuring programme costs	49	**52**
- Non cash exceptional items	21	**26**
- Other non-cash movements in provisions	8	**5**
Cash flows relating to restructuring and provisions	(29)	**(77)**
Changes in working capital		
Inventories	(6)	**(2)**
Trade and other receivables	31	**(26)**
Trade and other payables	(16)	**(24)**
Cash generated from operations	609	**663**

14. Post Balance Sheet Events

There have been no significant events affecting the group since the period ended 30 September 2021.

15. Contingent liabilities

There have been no material changes in our contingent liabilities since the publication of the financial statements of EHIL in the bondholder's report for the year ended 30 June 2020.

16. Guarantees

There have been no material changes in our credit guarantees and in derivatives since the publication of the financial statements of EHIL in the bondholder's report for the year ended 30 June 2020.

17. Seasonality

Fixed line
The group does not believe that seasonality has a material impact on our fixed line business.

Mobile
The group's mobile business tends to experience an increase in sales volumes in the weeks approaching Christmas due to the seasonal nature of its retail business. The group's mobile business experiences significant postpay and prepay subscriber growth and related costs of handset subsidies and commissions in November and December. Visitor roaming revenues are also seasonally significant because Ireland is a popular tourist destination during the summer months.

18. Commitments

The group's capital contractual obligations and commitment payments were €71 million at 30 September 2021 (30 June 2020: €84 million).

19. Related party transactions

There have been no material changes in our related party transactions since the publication of the financial statements of EHIL in the bondholder's report for the year ended 30 June 2020.

Management discussion and analysis on results of operations for the quarter ended 30 September 2021

The amounts and commentary presented in the management discussion below include the results of the group's joint venture in Tetra Ireland Communications Limited ("Tetra") on a proportionate consolidation basis. In accordance with IFRS 11 'Joint Arrangements' the EHIL consolidated financial statements for the three months ended 30 September 2021 applies the equity method of accounting for the investment in Tetra.

Revenue

The following table shows a segmental split of revenues for the period from our fixed line and mobile businesses:

	For the three months ended		
	30 Sept 2020 (unaudited)	**30 Sept 2021 (unaudited)**	**Change 2020/2021**
	€m	**€m**	
Fixed line services and other revenue	221	231	5%
Mobile services revenue	81	77	(6%)
Total segmental revenue	302	308	1%
Intracompany eliminations	(6)	(9)	43%
Total revenue	**296**	**299**	**1%**

Reported group revenue of €299 million for the three months to 30 September 2021 increased by 1% or €3 million year on year. The fixed line revenue increase of 5% or €10 million was primarily driven by a reduction in traditional access base, voice traffic, sport content, and UK/NI revenues, partly offset by growth in data services and other revenues, as well as the addition of NBP access revenue and the integration of revenue as a result of the acquisition of Evros. The mobile revenue decrease of 6% or €4 million was driven by a decrease in prepay and other mobile revenues, partially offset by an increase in postpay, mobile broadband, and roaming revenues.

Fixed line services and other revenue

The following table shows revenue from the fixed line segment, analysed by major products and services, and the percentage change for each category, for the periods indicated:

	For the three months ended		
	30 Sept 2020 (unaudited)	**30 Sept 2021 (unaudited)**	**Change 2020/2021**
	€m	**€m**	
Access (Rental and Connections)	112	105	(5%)
Voice Traffic (including Foreign Inpayments)	46	41	(11%)
Data Services	27	29	6%
Other Products and Services	36	56	55%
Total fixed line services and other revenue	**221**	**231**	**5%**

Total fixed line services and other revenue for the three months to 30 September 2021 (before intra company eliminations) increased by 5% or €10 million year on year. The increase was driven by a decline in access revenue of 5% and voice traffic revenue of 11%, offset by an increase in data services revenue of 6% and other products and services revenue of 55% year on year, driven by an increase in NBP access revenue.

Access (rental and connections)

The following table shows rental, connection and other charges and the percentage changes for the periods indicated:

	For the three months ended		
	30 Sept 2020 (unaudited)	**30 Sept 2021 (unaudited)**	**Change 2020/2021**
Access revenue	**€m**	**€m**	
Retail PSTN/ISDN rental and connection	46	42	(7%)
Wholesale PSTN/ISDN/LLU rental and connection	24	21	(11%)
Broadband rental and connection	42	42	0%
Total access revenue	**112**	**105**	**(5%)**
Access paths			
Retail Access Lines	616	581	(6%)
Wholesale Access Lines	436	384	(12%)
Wholesale LLU	2	2	(22%)
SABB	242	292	21%
Total PSTN/ISDN/LLU/SABB	**1,296**	**1,259**	**(3%)**
Broadband and Bitstream			
Retail Broadband	455	442	(3%)
Wholesale Broadband	512	525	3%
Total Broadband (including SABB)	**967**	**967**	**0%**

Access revenue of €105 million for the three months to 30 September 2021 decreased by 5% or €7 million year on year, due to declines in retail and wholesale access line revenues, with broadband revenue remaining stable for the period.

Retail access revenue declined by 7%, primarily due to declines in PSTN and ISDN lines. Retail access lines of 581,000 declined by 6% year on year.

Wholesale access revenue declined by 11%, primarily due to a decline in wholesale access lines. Wholesale access lines of 384,000 declined by 12% year on year.

Broadband revenue remained stable year on year. The retail broadband customer base of 442,000 decreased by 3%, while the wholesale broadband base of 525,000 increased by 3%.

The Group fibre broadband base of 823,000 as at 30 September 2021 increased by 5% or 39,000 customers year on year.

Voice Traffic

The following table shows total voice traffic revenue and volumes and the percentage changes for the periods indicated:

	For the three months ended		
	30 Sept 2020 (unaudited)	30 Sept 2021 (unaudited)	Change 2020/2021
	€m	€m	
Voice traffic revenue			
Retail	37	33	(11%)
Wholesale (including Foreign Inpayments)	9	8	(13%)
Total voice traffic revenue	**46**	**41**	**(11%)**
Voice traffic minutes (in millions of minutes, except percentages)			
Retail	259	202	(22%)
Wholesale (including Foreign Traffic Minutes)	749	679	(9%)
Total voice traffic minutes	**1,008**	**881**	**(13%)**

Group voice traffic revenue for the three months to 30 September 2021 decreased by 11% or €5 million year on year. Retail voice traffic revenue decreased by 11%, driven by pricing and a 22% decline in retail traffic minutes, while wholesale voice traffic revenue decreased by 13%, driven by changes in the interconnect transit rate and a 9% decline in wholesale traffic minutes for the period.

Data communications

The following table shows information relating to revenue from data communications products and services and the percentage change for the periods indicated:

	For the three months ended		
	30 Sept 2020 (unaudited)	30 Sept 2021 (unaudited)	Change 2020/2021
	€m	€m	
Data communications revenue			
Leased lines	15	16	7%
Switched data services	3	3	(6%)
Next generation data services	9	10	7%
Total data communications revenue	**27**	**29**	**6%**

Data communications revenue for the three months to 30 September 2021 increased by 6% or €2 million year on year. A decrease of 6% in switched data services revenue was offset by an increase in leased lines revenue of 7% and next generation data services revenue of 7% for the period.

Other products and services

Other products and services revenue includes our 56% share of revenue from Tetra, our recently acquired company Evros, our operations in UK/NI, TV and content, managed services, data centres and other revenue.

The following table shows information relating to revenue from other products and services, and the percentage change for the periods indicated:

	For the three months ended		
	30 Sept 2020 (unaudited)	30 Sept 2021 (unaudited)	Change 2020/2021
	€ m	€ m	
Other products and services			
TV and content	6	5	(16%)
Managed services and solutions	12	8	(32%)
Tetra	5	5	(8%)
Evros	-	22	N.M
UK	4	3	(30%)
Data centre	2	2	4%
Other revenue	7	11	65%
Other products and services revenue	**36**	**56**	**55%**

Other products and services revenue for the three months to 30 September 2021 increased by 55% or €20 million year on year. TV and content revenue decreased by 16%, managed services revenue declined by 32%, while UK revenue decreased by 30%, driven by a major contract loss. Tetra revenue declined by 8% while data centre revenue and other revenue increased by 4% and 65% respectively, primarily driven by NBP access revenue. Evros generated revenue of €22 million for the period.

Mobile services revenue

The following table shows revenue from Mobile services, analysed by major products and services.

Mobile services revenue comprises prepay and postpay revenues including interconnect, mobile broadband and machine to machine. Other revenue is derived mainly from device sales and wholesale foreign roaming revenue.

	For the three months ended		
	30 Sept 2020 (unaudited)	**30 Sept 2021 (unaudited)**	**Change 2020/2021**
	€m	**€m**	
Mobile revenue			
Prepay handset	18	17	(6%)
Postpay handset (incl. M2M)	40	42	4%
Mobile broadband	2	3	38%
Roaming	2	2	4%
Other	19	13	(31%)
Total mobile revenue	**81**	**77**	**(6%)**
Mobile subscribers			
Prepay handset customers	389	335	(14%)
Postpay handset customers (incl. M2M)	762	826	9%
Mobile broadband customers	33	45	33%
Of which are prepay customers	*4*	*2*	*(51%)*
Of which are postpay customers	*29*	*43*	*44%*
Total mobile subscribers	**1,184**	**1,206**	**2%**

Total mobile revenue for the three months to 30 September 2021 of €77 million decreased by 6% or €4 million year on year.

Prepay handset revenue declined by 6% or €1 million year on year, mainly due to a decline in prepay handset customers of 14% or 54,000, partly driven by migration of customers to postpay contracts.

Postpay handset revenue increased by 4% or €2 million year on year, primarily driven by an increase in postpay handset (including M2M) subscribers of 9% or 64,000 year on year. GoMo, the Group's revolutionary virtual postpay offering, has been the principal driver of the changing subscriber base mix.

Mobile broadband revenue increased by 38% year on year, driven by growth in the mobile broadband base of 33% or 12,000 subscribers. Roaming revenue increased by 4% for the period, while other mobile revenue decreased by 31%.

There were a total of 1,206,000 mobile subscribers as at 30 September 2021, an increase of 2% year on year. The mix of customers continues to improve, with the proportion of postpay customers (including mobile broadband and M2M) of 72% increasing by 5 percentage points year on year, representing an increase of 78,000 net additional postpay subscribers (including mobile broadband and M2M subscribers).

eircom Holdings (Ireland) Limited

Operating costs before amortisation, depreciation and exceptional items

The following table shows information relating to our operating costs before amortisation, depreciation, and exceptional items, and the percentage change for the periods indicated.

	For the three months ended		
	30 Sept 2020 (unaudited)	**30 Sept 2021 (unaudited)**	**Change 2020/2021**
	€m	**€m**	
Cost of sales			
Foreign outpayments	2	2	17%
Interconnect	12	11	(14%)
Equipment cost of sales	15	11	(26%)
Other including subsidiaries and new business	31	34	11%
Total cost of sales	**60**	**58**	**(3%)**
Pay costs			
Wages and salaries and other staff costs	47	50	7%
Social welfare costs	3	4	19%
Pension cash costs—defined contribution plans	1	1	27%
Pension cash costs—defined benefit plans	3	1	(62%)
Pay costs before non-cash pension charge and capitalisation	**54**	**56**	**4%**
Capitalised labour	(13)	(10)	(28%)
Total pay costs before non-cash pension charge	**41**	**46**	**14%**
Non pay costs			
Materials and services	3	4	42%
Other network costs	5	4	(16%)
Accommodation	15	17	17%
Sales and marketing	5	4	(23%)
Provision for credit losses	2	2	0%
Transport and travel	2	2	17%
Customer services	2	2	(14%)
Insurance and compensation	1	1	17%
Professional and regulatory fees	1	1	14%
IT costs	4	4	2%
Other non-pay costs	1	1	(37%)
Total non-pay costs	**41**	**42**	**3%**
Operating costs before non-cash pension charge, non-cash fair value lease credits, management charge, amortisation, depreciation of PPE, and exceptional items	**142**	**146**	**3%**
Non cash pension charge/(credit)	1	3	N.M
Management charge	2	2	N.M
Operating costs before, amortisation, depreciation of PPE, and exceptional items	**145**	**151**	**4%**

Total operating costs for the three months to 30 September 2021 before non-cash pension charge, management charge, amortisation, depreciation and exceptional items of €146 million increased by 3% or €4 million year on year.

Cost of Sales

Cost of sales for the three months to 30 September 2021 of €58 million decreased by 3% or €2 million year on year.

- Foreign outpayments increased by 17% while Interconnect payments to other telecommunications operators decreased by 14%, driven by reduced traffic and MTR.
- Equipment costs of sales decreased by 26% for the period year on year.
- Other cost of sales increased by 11%, primarily driven by the addition of Evros cost of sales.

Pay costs

Total pay costs for the three months to 30 September 2021 before non-cash pension charge of €46 million increased by 14% or €5 million year on year. The increase is primarily due to the addition of Evros pay costs. FTE headcount was 3,352 at 30 September 2021, representing a net increase of 3% or 92 FTE year on year, driven by the acquisition of Evros and partly offset by voluntary leave.

Total non-pay costs

Total non-pay costs for the three months to 30 September 2021 of €42 million increased by 3% or €1 million year on year.

- Materials and service costs increased by 42%, driven by the timing of network investments.
- Accommodation costs increased by 17%, due to an increase in rent costs.
- Other network costs reduced by 16%.
- Sales and marketing costs decreased by 23%, primarily driven by decreased commission and marketing costs.
- Customer service costs declined by 14%, driven by the impact of restructuring and insourcing of customer care, as well as improvements in billing processes.

The remaining costs for the period were broadly stable year on year.

Non-cash pension charge/ (credit)

The non-cash pension charge represents the difference between the amount of cash contributions that the company has agreed to make to the fund during the period, on an accruals basis, and the accounting charges recognised in operating profit in accordance with IAS 19 (Revised). The IAS 19 (Revised) accounting charge is not aligned with the principles that the company applies in measuring its EBITDA. Therefore the non-cash pension charge is included as an adjustment in the reconciliation of EBITDA to operating profit.

Non-cash lease fair value credits

The non-cash lease fair value credit included in the income statement during the period is in respect of the unfavourable lease fair value adjustment which arose on acquisition of eircom Limited following Examinership. At the date of acquisition, we were required to recognise a liability for the difference between the amount of future rental payments that had been contractually committed to and the market rent that would have been payable if those contracts had been entered into at that date. The liability is released as a credit to the income statement over the period of the relevant leases. The IFRS accounting treatment is not aligned with the principles we apply in measuring our EBITDA. As a result, non-cash lease fair value credit is included as an adjustment to our EBITDA.

Amortisation

Amortisation charges for the three-month period ended 30 September 2021 were €8 million, €9 million lower than the corresponding three-month period ended 30 September 2020, this is mainly due to trademarks being fully amortised in the quarter ended 30 September 2020. There was also lower amortisation on computer software and TV content rights in the three-month period ended 30 September 2021.

Depreciation of property, plant and equipment

The depreciation charge on property, plant and equipment for the three-month period ended 30 September 2021 was €61 million, which is €4 million lower than the charge for the corresponding three-month period ended 30 September 2020 of €65 million. The decrease in depreciation is due to lower depreciation on property assets due to the disposal of certain properties and lower fair value depreciation adjustment relating to the acquisition of eircom Limited assets in 2012.

Depreciation of right of use assets

The depreciation charge on right of use assets for the three-month period ended 30 September 2021 was €12 million, which is €1 million higher than the charge for the corresponding three-month period ended 30 September 2020 of €11 million. The increase is due to higher depreciation on Masts site access.

Exceptional costs

The exceptional charge in the three-month period ended 30 September 2021 of €10 million includes €4 million for restructuring programme costs, €1 million for Covid-19 related costs, €1 million for group re-organisation costs and €4 million for other costs in relation to legal matters.

The exceptional restructuring charge is for committed staff exits in the period ended 30 September 2021. The charge of €4 million includes €2 million for IAS 19 (Revised) defined benefit pension past service costs on staff exits.

The exceptional charge in the three-month period ended 30 September 2020 of €20 million includes €19 million for restructuring programme costs. The €19 million includes €1 million for IAS 19 (Revised) defined benefit pension past service costs on staff exits. The exceptional charge also includes group re-organisation costs of €1 million and relate to the exit from the Network Sharing Agreement with Three.

Finance costs (net)

The group's net finance costs for the three-month period ended 30 September 2021 of €25 million were €4 million higher than the corresponding three-month period ended 30 September 2020 of €21 million. The increase in finance costs is mainly due to higher interest payments on lease liabilities as a result of new lease commitments on Masts site access (with lower principal payments in the earlier years of the new leases).

Taxation

The tax charge for the three-month period ended 30 September 2021 was €7 million, compared to the corresponding three-month period ended 30 September 2020 tax credit of €11 million. The tax credit of €11 million mainly relates to the sale of Emerald Tower Limited not being subject to taxation and a deferred tax credit (from which a deferred tax charge was originally provided for) on right of use assets for Masts site access that have being impaired as a result of the sale of Emerald Tower Limited to Phoenix Tower Ireland Limited.

Liquidity

Net cash generated from operating activities

Our primary source of liquidity is cash generated from operations, which represents operating profit adjusted for non-cash items which are principally depreciation, amortisation, impairment, non-cash pension charge, non-cash lease fair value credits and certain non-cash exceptional items. Cash flows from operating activities are also impacted by working capital movements and restructuring and other provision payments.

During the three-month period ended 30 September 2021, net cash generated from operating activities (including our share of Tetra) was €42 million compared with €79 million in the corresponding three-month period ended 30 September 2020, a decrease of €37 million. The decrease is partly due to higher restructuring (incentivised exits) and provision payments of €20 million (from €7 million in the corresponding three-month period ended 30 September 2020 to €27 million in the three-month period ended 30 September 2021). The decrease is also due to higher working capital outflows and higher interest payments on lease liabilities in the three-month period ended 30 September 2021.

eircom Holdings (Ireland) Limited

Cash flows from investing activities

Total cash used in investing activities was €67 million for the three-month period ended 30 September 2021, compared with total cash generated from investing activities of €205 million for the corresponding three-month period ended 30 September 2020, a decrease in cash of €272 million. The decrease is a result of the group selling its 100% shareholding in Emerald Tower Limited with net proceeds of €298 million received in the three-month period ended 30 September 2020.

During the three-month period ended 30 September 2021, payments for capital expenditure (cash) were €69 million, compared with €94 million for the corresponding three-month period ended 30 September 2020. The high level of capital expenditure payments in both years shows the continued commitment by the group to invest in key projects in order to facilitate the transformation of the business.

In the three-month period ended 30 September 2021, the group sold property and after allowance for certain costs relating to the disposal, received net proceeds of €2 million (30 September 2020: €1 million).

Cash flows from financing activities

The group's principal payments on lease liabilities were €7 million for the three-month period ended 30 September 2021 compared to €11 million for the corresponding three-month period ended 30 September 2020. The decrease is due to lower principal payments on new lease commitments on Masts site access (there are higher interest payments in the earlier years of new leases).

eircom Holdings (Ireland) Limited

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Other Data

Certain numerical figures set out in this document, including financial data presented in millions or thousands, certain operating data, and percentages describing movements in quarters, have been subject to rounding adjustments and, as a result, the totals of the data in this document may vary slightly from the information presented in this document or the actual arithmetic totals of such information.

eircom Holdings (Ireland) Limited

Notes

1. Percentage changes have been calculated based on unrounded data rather than on the rounded data presented in these tables. Certain comparative figures have been regrouped and restated where necessary on the same basis as those for the current financial quarter.

2. Fixed ARPU Calculations:

   A. We define "Consumer Blended ARPU" as the average of the total consumer subscriber revenue divided by the average number of access subscribers (including SABB) in each month. Subscriber revenue is equal to total fixed line consumer revenue excluding revenue from eir Sport and Operator Services.

   B. We define "WLR PSTN ARPU" as the average of Wholesale PSTN line rental revenue divided by the average number of PSTN WLR access subscribers in each month.

   C. We define "Bitstream ARPU" as the average of bitstream rental revenue including SABB (recurring revenue) divided by the average number of wholesale bitstream (including SABB) subscribers in each month.

   D. We define "the average number of subscribers in the month" as the average of the total number of subscribers at the beginning of the month and the total number of subscribers at the end of the month.

   E. All Fixed ARPUs are adjusted to reflect the average number of days in a month.

3. Mobile ARPU Calculations:

   F. We define "Prepay ARPU" as the measure of the sum of the total prepay mobile subscriber revenue including revenue from incoming traffic in the period divided by the average number of prepay mobile subscribers in the period divided by the number of months in the period.

   G. We define "Postpay ARPU" as the measure of the sum of the total postpay mobile subscriber revenue including revenue from incoming traffic in a period divided by the average number of postpay mobile subscribers in the period divided by the number of months in the period.

   H. We define "the average number of mobile subscribers in the period" as the average of the total number of mobile subscribers at the beginning of the year and the total number of mobile subscribers at the end of the year.

4. N/M - percentage movement is not meaningful.