eircom Holdings (Ireland) Limited

Unaudited results for the third quarter FY21 and nine months to 31 March 2021

20 May 2021

eircom Holdings (Ireland) Limited

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Trading highlights for the nine months ended 31 March 2021[1]

- Revenue of €886 million for the nine months to 31 March 2021 decreased by €35 million or 4% year on year. Growth in broadband, data services, postpay, and bundling, as well as the addition of NBP access revenue and integration of revenue from the acquisition of the Evros Technology Group (Evros), was offset by a reduction in traditional access, traffic, sport content, UK, and prepay revenues.

- Group adjusted EBITDA[2] of €479 million increased by €7 million or 1% year on year, driven by continued operating cost savings.

- Fixed line revenue of €664 million decreased by €26 million or 4% year on year. Growth in broadband, data services, bundling, as well as the addition of NBP access and Evros revenue streams, was offset by lower traditional access, traffic, sport content, and UK revenues.

- The group broadband customer base[3] at 31 March 2021 was 970,000, an increase of 2% or 16,000 year on year. The retail customer base decreased by 1% or 5,000, while the wholesale base increased by 4% or 21,000. There were 810,000 customers availing of fibre based high speed broadband services, an increase of 8% or 62,000 year on year.

- Group fixed access paths decreased by 21,000 or 2% year on year, with a reduction in fixed line access net losses of 72,000[4]. Standalone broadband (SABB) lines increased by 23% or 51,000 year on year.

- Mobile revenue of €246 million decreased by 5% or €11 million year on year. An increase in postpay revenue was offset by decreases in prepay, roaming, and equipment revenues.

- Total mobile customers at 31 March 2021 were 1,189,000[5], including 836,000 postpay customers and 353,000 prepay customers. The postpay customer base increased by 10% or 76,000 year on year, bringing the number of customers on postpay contracts to 70%, an increase of 5 percentage points year on year. The prepay base reduced by 14% or 58,000 year on year primarily driven by migration of customers to postpay contracts.

- Group operating costs[6] of €407 million were reduced by 9% or €42 million year on year.

- Full Time Equivalent (FTE) staff totalled 3,538 at 31 March 2021, an increase of 6% or 194 FTE year on year. Headcount reductions as a result of voluntary leave programmes were offset by the acquisition of Evros.

- Despite continued high levels of capital investment, the Group maintains strong liquidity with cash on hand of €93 million at 31 March 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 nine months ended 31 March 2021 (unaudited)

	As at and for the nine months ended		
	31 March 2020 (unaudited)	**31 March 2021 (unaudited)**	**Change 2020/2021[N1]**
Group Access Line Base ('000)			
Retail Access Lines	621	596	(4%)
Retail SABB*	26	24	(7%)
Wholesale Access Lines	457	410	(10%)
Wholesale SABB[7]	192	245	28%
Wholesale LLU[8]	2	2	(27%)
Total Access Lines	**1,298**	**1,277**	**(2%)**
Retail Voice Traffic (millions of minutes)	742	743	0%
Broadband Line Base ('000)			
Retail Broadband Lines	453	448	(1%)
Wholesale Broadband Lines	501	522	4%
Total Broadband Lines	**954**	**970**	**2%**
- *of which fibre broadband lines*	*748*	810	8%
Mobile Customer Base ('000)			
Prepay Handset Customers	406	351	(14%)
Prepay MBB Customers	5	2	(54%)
Total Prepay Customers	**411**	353	(14%)
Postpay Handsets (including M2M)	734	799	9%
Postpay MBB	26	37	40%
Total Postpay Customers	**760**	836	10%
Total Mobile Customers	**1,171**	**1,189**	**2%**
ARPUs (€) [N2 & N3]			
Consumer Blended ARPU	50.3	49.9	(1%)
WLR PSTN ARPU	16.5	16.6	0%
Bitstream ARPU (including SABB)	13.8	15.5	13%
Prepay ARPU (including MBB)	15.5	15.8	2%
Postpay ARPU (including MBB/M2M)	28.2	22.3	(21%)
Closing FTE Headcount	**3,344**	**3,538**	**6%**

[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 31 March 2021.

The financial information for the period ended 31 March 2020 was prepared under the previous lease recognition standard 'IAS 17 Leases' and has been restated using the new standards IFRS 16, 'Leases' as applied at the year ended 30 June 2020. 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".

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 31 March 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[9] to the results presented in the management discussion and analysis section within this quarterly document

	In the quarter ended 31 March 2020 [10]			In the quarter ended 31 March 2021		
	Reported €m	Adjusted €m	Statutory €m	Reported €m	Adjusted €m	Statutory €m
Revenue	306	(5)	301	**296**	**(5)**	**291**
Operating costs excluding non-cash pension charge and fair value lease credits	(141)	2	(139)	**(129)**	**2**	**(127)**
Adjusted EBITDA[11]	165	(3)	162	**167**	**(3)**	**164**
Closing Cash	217	(7)	210	**93**	**(6)**	**87**

	In the nine months ended 31 March 2020[10]			In the nine months ended 31 March 2021		
	Reported €m	Adjusted €m	Statutory €m	Reported €m	Adjusted €m	Statutory €m
Revenue	921	(14)	907	**886**	**(14)**	**872**
Operating costs excluding non-cash pension charge and fair value lease credits	(449)	6	(443)	**(407)**	**6**	**(401)**
Adjusted EBITDA[11]	472	(8)	464	**479**	**(8)**	**471**
Closing Cash	217	(7)	210	**93**	**(6)**	**87**

[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] Prior year period has been restated for IFRS 16 effective for accounting periods after 1 January 2019.

[11] 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

	Third quarter ended Mar 20 €m	**Third quarter ended Mar 21 €m**	**Nine months ended Mar 20 €m**	**Nine months ended Mar 21 €m**
Operating profit	48	**53**	133	**332**
Exceptional gain on exit from subsidiary	-	**12**	-	**(174)**
Exceptional items	11	**7**	22	**33**
Management charge	1	**1**	5	**5**
Non-cash pension charge	3	**2**	10	**5**
Operating profit before non-cash pension charges, management charge and exceptional items	63	**75**	170	**201**
Depreciation of right of use assets	11	**13**	32	**34**
Depreciation of property, plant and equipment	70	**67**	206	**199**
Amortisation	18	**10**	57	**38**
EBITDA before non-cash pension charges, management charge and exceptional items	162	**165**	465	**472**
IFRS 3 unfavourable lease fair value adjustment	-	**(1)**	(1)	**(1)**
Adjusted EBITDA before non-cash lease fair value credits, non-cash pension charges, management charge and exceptional items	162	**164**	464	**471**
EBITDA of joint ventures using proportionate consolidation	3	**3**	8	**8**
Reported EBITDA* before non-cash lease fair value credits, non-cash pension charges, management charge and exceptional items	165	**167**	472	**479**

Reported EBITDA* before non-cash lease fair value credits, non-cash pension charges, management charge and exceptional items is split as follows:				
Fixed line	125	**128**	367	**380**
Mobile	40	**39**	105	**99**
	165	**167**	472	**479**

***** *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 third quarter ended 31 March 2021

	31 March 2020	31 March 2021
	€m	€m
Revenue	301	**291**
Operating costs excluding amortisation, depreciation and exceptional items	(143)	**(129)**
Amortisation	(18)	**(10)**
Depreciation of property, plant and equipment	(70)	**(67)**
Depreciation of right of use assets	(11)	**(13)**
Exceptional items	(11)	**(7)**
Exceptional gain on exit from subsidiary	-	**(12)**
Operating profit	48	**53**
Finance costs – net	(24)	**(25)**
Share of profit of joint venture	2	**2**
Profit before tax	26	**30**
Income tax charge	(2)	**(7)**
Profit for the period	24	**23**

Consolidated Income Statement – unaudited
For the nine-month period ended 31 March 2021

	Notes	31 March 2020	31 March 2021
		€m	€m
Revenue	3	907	**872**
Operating costs excluding amortisation, depreciation and exceptional items		(457)	**(410)**
Amortisation	3	(57)	**(38)**
Depreciation of property, plant and equipment	3	(206)	**(199)**
Depreciation of right of use assets	3	(32)	**(34)**
Exceptional items	3, 4	(22)	**(33)**
Exceptional gain on exit from subsidiary	3, 5	-	**174**
Operating profit	3	133	**332**
Finance costs – net	6	(83)	**(71)**
Share of profit of joint venture		6	**6**
Profit before tax		56	**267**
Income tax charge	7	(9)	**(1)**
Profit for the period		47	**266**

eircom Holdings (Ireland) Limited

Group statement of comprehensive income – unaudited
For the nine-month period ended 31 March 2021

	31 March 2020	31 March 2021
	€m	**€m**
Profit for the financial period attributable to equity holders of the parent	**47**	**266**
Other comprehensive income/(expense):		
Items that will not be reclassified to profit or loss		
Defined benefit pension scheme remeasurement losses:		
- Remeasurement gain/(loss) in period	419	(271)
- Tax on defined benefit pension scheme remeasurement (gain)/losses	(52)	34
Other comprehensive income/(expense), net of tax	**367**	**(237)**
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	**368**	**(237)**
Total comprehensive income for the financial period	**415**	**29**

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

eircom Holdings (Ireland) Limited

Consolidated Balance Sheet – unaudited
As at 31 March 2021

	Notes	30 June 2020	31 March 2021
		€m	**€m**
Assets			
Non-current assets			
Goodwill		212	**288**
Other intangible assets		196	**169**
Property, plant and equipment		1,313	**1,304**
Right of use assets		244	**382**
Investments		-	**2**
Retirement benefit asset	11	468	**193**
Deferred tax assets		2	**2**
Other assets		14	**14**
		2,449	**2,354**
Current assets			
Inventories		20	**21**
Trade and other receivables	8	166	**223**
Contract assets		41	**40**
Restricted cash		3	**1**
Cash and cash equivalents		249	**87**
		479	**372**
Assets held for sale		57	**-**
		536	**372**
Total assets		2,985	**2,726**
Liabilities			
Non-current liabilities			
Borrowings	9	2,533	**2,536**
Lease liabilities	10	294	**532**
Trade and other payables		37	**36**
Deferred tax liabilities		114	**61**
Provisions for other liabilities and charges	12	118	**124**
		3,096	**3,289**
Current liabilities			
Lease liabilities	10	36	**53**
Trade and other payables		451	**441**
Current tax liabilities		10	**12**
Provisions for other liabilities and charges	12	13	**30**
		510	**536**
Liabilities directly associated with the assets held for sale		57	**-**
		567	**536**
Total liabilities		3,663	**3,825**
Equity			
Equity share capital		-	**-**
Capital contribution		62	**62**
Retained loss		(740)	**(1,161)**
Total equity		(678)	**(1,099)**
Total liabilities and equity		2,985	**2,726**

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

eircom Holdings (Ireland) Limited

Consolidated cash flow statement – unaudited
For the third quarter ended 31 March 2021

	31 March 2020	31 March 2021
	€m	€m
Cash flows from operating activities		
Cash generated from operations	152	**98**
Interest paid	(12)	**(15)**
Income tax paid	-	**(9)**
Net cash generated from operating activities	140	**74**
Cash flows from investing activities		
Disposal of subsidiary undertaking, net of cash disposed	-	**(1)**
Acquisition of subsidiary undertaking, net of cash acquired	-	**(47)**
Purchase of property, plant and equipment (PPE)	(60)	**(60)**
Purchase of intangible assets	(7)	**(9)**
Proceeds from sale of PPE	-	**1**
Dividend received from joint arrangement	-	**1**
Restricted cash	1	**-**
Net cash used in investing activities	(66)	**(115)**
Cash flows from financing activities		
Payment of principal on lease liabilities	(10)	**(6)**
Proceeds from Revolving Credit Facility	50	**-**
Debt issue costs	(1)	**-**
Debt modification fees	(1)	**-**
Net cash generated from/(used in) financing activities	**38**	**(6)**
Net increase/(decrease) in cash, cash equivalents and bank overdrafts	**112**	**(47)**
Cash, cash equivalents and bank overdrafts at beginning of period	**98**	**134**
Cash, cash equivalents and bank overdrafts at end of period	**210**	**87**

eircom Holdings (Ireland) Limited

Consolidated cash flow statement – unaudited
For the nine-month period ended 31 March 2021

	Notes	31 March 2020	31 March 2021
		€m	€m
Cash flows from operating activities			
Cash generated from operations	13	412	**364**
Interest paid		(63)	**(63)**
Income tax paid		(3)	**(19)**
Net cash generated from operating activities		346	**282**
Cash flows from investing activities			
Disposal of subsidiary undertaking, net of cash disposed		-	**297**
Acquisition of subsidiary undertaking, net of cash acquired		-	**(47)**
Purchase of property, plant and equipment (PPE)		(206)	**(214)**
Purchase of intangible assets		(22)	**(11)**
Proceeds from sale of PPE		-	**2**
Dividend received from joint arrangement		4	**4**
Restricted cash		5	**2**
Net cash (used in)/generated from investing activities		(219)	**33**
Cash flows from financing activities			
Dividends paid to equity shareholder		(80)	**(450)**
Payment of principal on lease liabilities		(34)	**(27)**
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)	**-**
Proceeds from Revolving Credit Facility		50	
Debt issue costs		(5)	**-**
Debt modification fees		(3)	**-**
Net cash used in financing activities		(172)	**(477)**
Net decrease in cash, cash equivalents and bank overdrafts		(45)	**(162)**
Cash, cash equivalents and bank overdrafts at beginning of period		255	**249**
Cash, cash equivalents and bank overdrafts at end of period		210	**87**

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 nine-month period ended 31 March 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 period	-	-	-	47	47
Defined benefit pension scheme remeasurement gain	-	-	-	419	419
Tax on defined benefit pension scheme remeasurement gain	-	-	-	(52)	(52)
Cash flow hedges:					
- Fair value gain in year	-	-	1	-	1
Total comprehensive income	**-**	**-**	**1**	**414**	**415**
Dividends relating to equity shareholder	-	-	-	(80)	(80)
Balance at 31 March 2020	**-**	**62**	**-**	**(599)**	**(537)**
Balance at 30 June 2020	**-**	**62**	**-**	**(740)**	**(678)**
Profit for the period	**-**	**-**	**-**	**266**	**266**
Defined benefit pension scheme remeasurement loss	**-**	**-**	**-**	**(271)**	**(271)**
Tax on defined benefit pension scheme remeasurement loss	**-**	**-**	**-**	**34**	**34**
Total comprehensive income	**-**	**-**	**-**	**29**	**29**
Dividends relating to equity shareholder	**-**	**-**	**-**	**(450)**	**(450)**
Balance at 31 March 2021	**-**	**62**	**-**	**(1,161)**	**(1,099)**

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 20 May 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 31 March 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 31 March 2021.

The financial information for the period ended 31 March 2020 was prepared under the previous lease recognition standard 'IAS 17 Leases' and has been restated using the new standards IFRS 16, 'Leases' as applied at the year ended 30 June 2020.

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 31 March 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.

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 nine-month period ended 31 March 2021 are as follows:

	Fixed line €m	Mobile €m	Inter-segment €m	Reported* €m	Adjusted €m	Statutory* €m
Revenue	664	246	(24)	**886**	(14)	**872**
EBITDA **	380	99	-	**479**	(8)	**471**
Non-cash lease fair value credits	1	-	-	**1**	-	**1**
Non-cash pension charges	(5)	-	-	**(5)**	-	**(5)**
Management charge	(5)	-	-	**(5)**	-	**(5)**
Amortisation	(23)	(15)	-	**(38)**	-	**(38)**
Depreciation of PPE	(181)	(19)	-	**(200)**	1	**(199)**
Depreciation of right of use assets	(11)	(23)	-	**(34)**	-	**(34)**
Exceptional items	(31)	(2)	-	**(33)**	-	**(33)**
Exceptional gain on exit from subsidiary	-	174	-	**174**	-	**174**
Operating profit	**125**	**214**	**-**	**339**	**(7)**	**332**

The segment results (revised) for the nine-month period ended 31 March 2020 are as follows:

	Fixed line €m	Mobile €m	Inter-segment €m	Reported* €m	Adjusted €m	Statutory* €m
Revenue	690	258	(27)	**921**	(14)	**907**
EBITDA **	367	105	-	**472**	(8)	**464**
Non-cash lease fair value credits	1	-	-	**1**	-	**1**
Non-cash pension charges	(10)	-	-	**(10)**	-	**(10)**
Management charge	(5)	-	-	**(5)**	-	**(5)**
Amortisation	(42)	(15)	-	**(57)**	-	**(57)**
Depreciation of PPE	(185)	(22)	-	**(207)**	1	**(206)**
Depreciation of right of use assets	(11)	(21)	-	**(32)**	-	**(32)**
Exceptional items	(20)	(2)	-	**(22)**	-	**(22)**
Operating profit	**95**	**45**	**-**	**140**	**(7)**	**133**

* 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

	31 March 2020 €m	31 March 2021 €m
Restructuring programme costs	16	**27**
Covid-19 related costs	-	**1**
Transaction related and strategic review costs	-	**3**
Group re-organisation costs	-	**1**
Impairment of leased assets	5	**1**
Other exceptional items	1	**-**
	22	**33**

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 €27 million (31 March 2020: €16 million) for restructuring programme costs in respect of staff that had committed to exiting the business in the period ended 31 March 2021.

No provision has been included in respect of future staff exits not committed at 31 March 2021, and any further costs will be charged to the income statement and impact cash flows in future periods.

The charge of €27 million at 31 March 2021 includes an IAS 19 (Revised) defined benefit pension charge in relation to past service costs of €4 million (31 March 2020: €2 million).

Covid-19 related costs
The group included an additional charge of €1 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 nine month period ended 31 March 2021.

Transaction related and strategic review costs
The group recognised an exceptional charge of €3 million for costs relating to the acquisition of the Evros Technology Group, a leading IT services provider, and for strategic review and other project related costs incurred in the period ended 31 March 2021.

Group re-organisation costs
The group included an exceptional charge of €1 million for re-organisation costs in the period ended 31 March 2021 in relation to the exit from the Network Sharing Agreement with Three.

Impairment of leased assets
The group recognised an impairment on leased assets of €1 million (31 March 2020: €5 million) during the period ended 31 March 2021.

Other exceptional items
During the period ended 31 March 2020, the group recognised an exceptional charge of €1 million in respect of legal and other related matters.

5. Exceptional gain on exit from subsidiary

	31 March 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

	31 March 2020 €m	31 March 2021 €m
(a) Finance costs:		
Interest payable on bank loans and other debts	64	**57**
Net interest cost on net pension liability	(2)	**(5)**
Amortisation of debt issue costs and debt modification fees	2	**2**
Interest on lease liabilities	11	**16**
Other unwinding of discount	1	**-**
Negative interest on cash deposits	1	**1**
	77	**71**
Write off of debt modification fees	**6**	**-**
	83	**71**
(b) Finance income:		
Interest income	-	**-**
	-	**-**
Finance costs – net	83	**71**

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: -

	31 March 2020 €m	31 March 2021 €m
Profit before tax	56	**267**
Tax calculated at Irish standard tax rate of 12.5%	7	**33**
Effects of:-		
Non-deductible expenses	4	**23**
Origination and reversal of temporary differences	-	**(17)**
Utilisation of losses carried forward	(2)	**-**
Income not subject to taxation	-	**(38)**
Tax charge for the period	9	**1**

8. Trade and other receivables

During the period ended 31 March 2021, the group recognised a provision for impaired receivables of €4 million (31 March 2020: €8 million), reversed provisions for impaired receivables of €1 million (31 March 2020: €1 million) and utilised provisions for impaired receivables of €11 million (31 March 2020: €1 million). The creation and reversal of provisions for impaired receivables have been included in "operating costs" in the income statement.

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

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 31 March 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	**-**	**-**	**(1)**	**(6)**	**(7)**
	-	**-**	**349**	**1,094**	**1,443**
	-	**-**	**349**	**2,187**	**2,536**
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 31 March 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 31 March 2021, the group has a €50 million revolving credit facility, which was undrawn at 31 March 2021.

Interest accrued on borrowings at 31 March 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:

	31 March 2021 €m
At beginning of financial period	**330**
Additions	**284**
Arising on acquisition	**1**
Modifications	**(2)**
Carrying value of lease disposals	**(1)**
Interest	**16**
Payments	**(43)**
	585
Non-current	**532**
Current	**53**
	585

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

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 31 March 2021 reflects the IAS 19 (Revised) surplus of €193 million as at 31 March 2021.

Pension scheme obligation

The status of the principal scheme at 31 March 2021 is as follows:

	30 June 2020 €m	31 March 2021 €m
Present value of funded obligations	(4,012)	**(4,358)**
Fair value of scheme assets	4,480	**4,551**
Asset recognised in the Balance Sheet	468	**193**

Assumptions of actuarial calculations

The main financial assumptions used in the valuations were:

	At 30 June 2020	At 31 March 2021
Rate of increase in salaries	0.90%	1.4%
Rate of increase in pensions in payment	0.90%	1.4%
Discount rate	1.45%	1.3%
Inflation assumption	1.00%	1.5%
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.

eircom Holdings (Ireland) Limited

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

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	-	-	-	-	3	**3**
Utilised in the financial period	(2)	(1)	-	-	(3)	**(6)**
At 31 March 2021	**34**	**5**	**52**	**26**	**37**	**154**

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

	30 June 2020 €m	31 March 2021 €m
Non-current	118	**124**
Current	13	**30**
	131	**154**

13. Cash generated from operations

	31 March 2020 €m	31 March 2021 €m
Profit after tax	47	**266**
Add back:		
Income tax charge	9	**1**
Share of profit of joint venture	(6)	**(6)**
Finance costs – net	83	**71**
Operating profit	133	**332**
Adjustments for:		
- Gain on exit from subsidiary	-	**(174)**
- Depreciation and amortisation	295	**271**
- Non-cash lease fair value credits	(1)	**(1)**
- Non cash retirement benefit charges	10	**5**
- Management charge	5	**5**
- Restructuring programme costs	16	**27**
- Non cash exceptional items	3	**(3)**
- Other non cash movements in provisions	3	**3**
Cash flows relating to restructuring and provisions	(43)	**(35)**
Changes in working capital		
Inventories	(5)	**(1)**
Trade and other receivables	(16)	**(42)**
Trade and other payables	12	**(23)**
Cash generated from operations	412	**364**

14. Post Balance Sheet Events

There have been no significant events affecting the group since the period ended 31 March 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 €83 million at 31 March 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 nine months ended 31 March 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 nine months ended 31 March 2021 applies the equity method of accounting for the investment in Tetra.

Certain comparative figures have been re-grouped and re-stated where necessary on the same basis as those for the current financial period, in particular, prior year revenue and non-pay costs have been restated for IFRS 16 (Leases) compliance, with prior quarter reports prepared under IAS 17 (Leases).

Revenue

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

	For the nine months ended		
	31 Mar 2020 (unaudited)	**31 Mar 2021 (unaudited)**	**Change 2020/2021**
	€m	**€m**	
Fixed line services and other revenue	690	664	(4%)
Mobile services revenue	258	246	(5%)
Total segmental revenue	948	910	(4%)
Intracompany eliminations	(27)	(24)	10%
Total revenue	**921**	**886**	**(4%)**

Reported group revenue of €886 million for the nine months to 31 March 2021 decreased by 4% or €35 million year on year. The fixed line revenue decrease of 4% or €26 million was mainly driven by a reduction in traditional access base, voice traffic, sport content, and UK/NI revenues, partly offset by growth in broadband and data services revenues, as well as the addition of NBP access revenue and integration of Evros revenue. The mobile revenue decrease of 5% or €12 million was driven by a decrease in prepay, roaming and equipment revenues, partially offset by an increase in postpay revenue.

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 nine months ended		
	31 Mar 2020 (unaudited)	**31 Mar 2021 (unaudited)**	**Change 2020/2021**
	€m	**€m**	
Access (Rental and Connections)	337	331	(2%)
Voice Traffic (including Foreign Inpayments)	155	135	(13%)
Data Services	79	81	2%
Other Products and Services	119	117	(1%)
Total fixed line services and other revenue	**690**	**664**	**(4%)**

Total fixed line services and other revenue for the period (before intra company eliminations) decreased by 4% or €26 million year on year. This decrease was driven by revenue declines in traditional access of 2%, voice traffic revenue of 13%, and a decrease in other products and services revenue of 1%, partly offset by a 2% increase in data services revenue year on year.

Access (rental and connections)

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

	For the nine months ended		
	31 Mar 2020 (unaudited)	**31 Mar 2021 (unaudited)**	**Change 2020/2021**
Access revenue	**€m**	**€m**	
Retail PSTN/ISDN rental and connection	140	134	(4%)
Wholesale PSTN/ISDN/LLU rental and connection	77	71	(8%)
Broadband rental and connection	120	126	5%
Total access revenue	**337**	**331**	**(2%)**
Access paths	**'000**	**'000**	
Retail Access Lines	621	596	(4%)
Wholesale Access Lines	457	410	(10%)
Wholesale LLU	2	2	(27%)
SABB	218	269	23%
Total PSTN/ISDN/LLU/SABB	**1,298**	**1,277**	**(2%)**
Broadband and Bitstream	**'000**	**'000**	
Retail Broadband	453	448	(1%)
Wholesale Broadband	501	522	4%
Total Broadband (including SABB)	**954**	**970**	**2%**

Access revenue of €331 million for the nine months to 31 March 2021 decreased by 2% or €6 million year on year. Declines in retail and wholesale access line revenues of 4% and 8% respectively were partially offset by a 5% increase in broadband revenue for the period.

Retail access revenue declined by 4% mainly due to declines in PSTN and ISDN lines. Retail access lines of 596,000 declined by 4% year on year.

Wholesale access revenue declined by 8% mainly due to a decline in wholesale access lines. Wholesale access lines of 410,000 declined by 10% year on year.

Broadband revenue increased by 5% driven by growth in the group broadband base of 2% or 16,000 lines year on year, as well as by continued migration of the base to fibre services. The retail broadband customer base of 448,000 decreased by 1%, while the wholesale broadband base of 522,000 increased by 4%. The Group fibre base of 810,000 increased by 8% or 62,000 customers year on year.

Traffic

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

	For the nine months ended		
	31 Mar 2020 (unaudited)	**31 Mar 2021 (unaudited)**	**Change 2020/2021**
	€m	**€m**	
Traffic revenue			
Retail	116	110	(5%)
Wholesale (including Foreign Inpayments)	39	25	(37%)
Total traffic revenue	**155**	**135**	**(13%)**
Traffic minutes (in millions of minutes, except percentages)			
Retail	742	743	0%
Wholesale (including Foreign Traffic Minutes)	2,299	2,277	(1%)
Total traffic minutes	**3,041**	**3,020**	**(1%)**

Group traffic revenue decreased by 13% or €20 million in the nine months to 31 March 2021 year on year. Retail traffic revenue decreased by 5%, driven by pricing, while wholesale traffic revenue decreased by 37%, driven by changes in the interconnect transit rate as well as a decline in traffic minutes.

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 nine months ended		
	31 Mar 2020 (unaudited)	**31 Mar 2021 (unaudited)**	**Change 2020/2021**
	€m	**€m**	
Data communications revenue			
Leased lines	41	44	6%
Switched data services	10	9	(1%)
Next generation data services	28	28	(2%)
Total data communications revenue	**79**	**81**	**2%**

Data communications revenue increased by 2% or €2 million in the nine months to 31 March 2021 year on year. A decrease of 1% in switched data services revenue and 2% in next generation data services revenue were offset by a 6% increase in leased lines revenue.

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 nine months ended		
	31 Mar 2020 (unaudited)	31 Mar 2021 (unaudited)	Change 2020/2021
	€ m	€ m	
Other products and services			
TV and content	30	18	(41%)
Managed services and solutions	32	32	(2%)
Tetra	16	16	0%
Evros	-	9	-
UK	17	12	(25%)
Data centre	6	5	(21%)
Other revenue	18	25	47%
Other products and services revenue	**119**	**117**	**(1%)**

Other products and services revenue decreased by 1% or €2 million in the nine months to 31 March 2021 year on year. TV and content revenue decreased by 41%, primarily due to the effects of the pandemic and the loss of content rights in the eir sport segment. UK revenue decreased by 25% in the same period driven by a major contract loss, while data centre revenue declined by 21%. The acquisition of Evros generated revenue of €9m from 1 March 2021. Other revenue increased by 47%, partly driven by NBP access revenue. Tetra and Managed Service revenues remained broadly stable when compared to the prior year.

***Mobile services revenue*[12]**

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 nine months ended		
	31 Mar 2020 (unaudited)	31 Mar 2021 (unaudited)	Change 2020/2021
	€m	€m	
Mobile revenue			
Prepay handset	62	54	(12%)
Postpay handset (incl. M2M)	121	123	1%
Mobile broadband	6	6	14%
Roaming	8	7	(12%)
Other	61	56	(10%)
Total mobile revenue	**258**	**246**	**(5%)**
Mobile subscribers	**'000**	**'000**	
Prepay handset customers	406	351	(14%)
Postpay handset customers (incl. M2M)	734	799	9%
Mobile broadband customers	31	39	25%
Of which are prepay customers	5	2	(54%)
Of which are postpay customers	26	37	40%
Total mobile subscribers	**1,171**	**1,189**	**2%**

Total mobile revenue of €246 million decreased by 5% or €12 million in the nine months to 31 March 2021 year on year.

Prepay handset revenue declined by 12% or €8 million year on year, mainly due to a decline in prepay handset customers of 14% or 55,000, partly driven by migration of customers to postpay contracts.

Postpay handset revenue increased by 1% or €2 million year on year, mainly driven by an increase in postpay handset (including M2M) subscribers of 9% or 65,000 year on year. GoMo, the Group's virtual mobile network and best value postpay offering, has been the primary driver of the change in the subscriber base mix.

Mobile broadband revenue increased by 14% year on year, driven by growth in the mobile broadband base of 25% or 8,000 subscribers. Roaming revenue decreased by 12% due to the impact of Covid-19 restrictions on international travel. Other mobile revenue decreased by 10% due to lower equipment revenue.

There were a total of 1,189,000 mobile subscribers as at 31 March 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 70% increasing by 5 percentage points year on year, representing an increase of 76,000 net additional postpay subscribers (including mobile broadband and M2M subscribers).

[12] Prior year other mobile revenue has been restated for IFRS 16 effective for accounting periods after 1 January 2019, as well as a re-categorisation between handset and other mobile revenues.

Operating costs before amortisation, depreciation and exceptional items[13]

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 nine months ended		
	31 Mar 2020 (unaudited)	31 Mar 2021 (unaudited)	Change 2020/2021
	€m	€m	
Cost of sales			
Foreign outpayments	7	6	(10%)
Interconnect	49	32	(35%)
Equipment cost of sales	45	44	(2%)
Other including subsidiaries and new business	95	90	(6%)
Total cost of sales	**196**	**172**	**(12%)**
Pay costs			
Wages and salaries and other staff costs	143	137	(5%)
Social welfare costs	9	9	1%
Pension cash costs—defined contribution plans	3	3	11%
Pension cash costs—defined benefit plans	11	8	(26%)
Pay costs before non-cash pension charge and capitalisation	**166**	**157**	**(5%)**
Capitalised labour	(40)	(33)	(16%)
Total pay costs before non-cash pension charge	**126**	**124**	**(2%)**
Non pay costs			
Materials and services	12	9	(22%)
Other network costs	13	14	5%
Accommodation	41	40	(1%)
Sales and marketing	17	13	(26%)
Provision for credit losses	6	3	(47%)
Transport and travel	7	6	(13%)
Customer services	8	5	(27%)
Insurance and compensation	4	4	(10%)
Professional and regulatory fees	4	4	(1%)
IT costs	12	12	(2%)
Other non-pay costs	3	1	(64%)
Total non-pay costs	**127**	**111**	**(12%)**
Operating costs before non-cash pension charge, non-cash fair value lease credits, management charge, amortisation, depreciation, and exceptional items	**449**	**407**	**(9%)**
Non cash pension charge/(credit)	10	5	(50%)
Non cash fair value lease credits	(1)	(1)	0%
Management charge	5	5	0%
Operating costs before, amortisation, depreciation, and exceptional items	**463**	**416**	**(10%)**

Total operating costs for the nine months ended 31 March 2021 before non-cash pension charge, non-cash fair value lease credits, management charge, amortisation, depreciation and exceptional items of €407 million decreased by 9% or €42 million year on year.

Cost of Sales

Cost of sales of €172 million decreased by 12% or €24 million for the period year on year.

Movements include:

- Foreign outpayments and Interconnect payments to other telecommunications operators decreased by 10% and 35% respectively, driven by reduced traffic and MTR reduction.
- Equipment costs of sales remained broadly stable for the period, decreasing by 2% year on year.
- Other cost of sales decreased by 6%, primarily driven by reduced sport content and UK costs, partly offset by increased costs from the acquisition of Evros, acquired 1 March 2021.

13 Accommodation and transport and travel costs in the prior year have been restated for IFRS 16 effective for accounting periods after 1 January 2019.

Pay costs

Total pay costs before non-cash pension charge of €124 million decreased by 2% or €2 million for the period year on year. The decrease is primarily due to additional voluntary leave, partially offset by the addition of Evros pay costs. FTE headcount was 3,538 at 31 March 2021, representing a net increase of 6% or 194 FTE year on year, driven by the acquisition of Evros.

Total non-pay costs

Total non-pay costs of €111 million decreased by 12% or €16 million for the period year on year.

Movements include:

- Sales and marketing costs decreased by 26%, primarily driven by decreased commission and marketing costs.
- Customer service costs decreased by 27%, driven by both the impact of restructuring and insourcing of customer care and improvements in billing processes.
- Provision for credit losses decreased by 47% driven by improvements in billing and a review of aged provisions.
- Materials and service costs decreased by 22%, driven by a reduction in the cost of network activity.
- Other non-pay costs decreased by 64% driven by reduced staff costs partially driven by the effects of the pandemic.

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 nine-month period ended 31 March 2021 were €38 million, €19 million lower than the prior year period, this is mainly due to trademarks been fully amortised in the first quarter ended 30 September 2020 (trademarks €13 million lower than prior year) and lower amortisation on computer software in the nine-month period ended 31 March 2021.

Depreciation of property, plant and equipment

The depreciation charge on property, plant and equipment for the nine-month period ended 31 March 2021 was €200 million, which is €7 million lower than the prior year charge for the same period of €207 million. The decrease in depreciation is partly due to the reduction in the fair value depreciation adjustment relating to the acquisition of eircom Limited assets in 2012 and partly due to lower depreciation on IT assets.

Depreciation of right of use assets

The depreciation charge on right of use assets for the nine-month period ended 31 March 2021 was €34 million, which is €2 million higher than the prior year charge for the same period of €32 million. The increase in depreciation is due to higher depreciation on Masts site access.

Exceptional costs

The exceptional charges in the nine-month period ended 31 March 2021 of €33 million includes €27 million for restructuring programme costs, €3 million for transaction related and strategic review costs, €1 million for Covid-19 related costs, €1 million for group re-organisation costs and €1 million for impairment of leased assets.

The exceptional restructuring charge is for committed staff exits in the period ended 31 March 2021. The charge of €27 million includes €4 million for IAS 19 (Revised) defined benefit pension past service costs on staff exits.

The transaction related and strategic review costs are partly due to the acquisition of the Evros Technology Group, a leading IT services provider, and partly due to other project related costs, while the re-organisation costs are in relation to the exit from the Network Sharing Agreement with Three.

The exceptional charge of €22 million for the period ended 31 March 2020 included €16 million for restructuring programme costs in respect of staff exits, €5 million for impairment of leased assets on transition to IFRS 16, 'Leases' and other costs of €1 million in relation to legal and other related matters.

Finance costs (net)

The group's net finance costs for the nine-month period ended 31 March 2021 of €71 million were €12 million lower than the prior year period of €83 million. The decrease in finance costs is partly due to the lower interest terms on the Senior Secured Notes that were issued in October and November 2019 with the €700 million proceeds used to prepay part of the Facility B borrowings that were subject to higher interest terms. There was also no draw down on the revolving credit facility in the nine-month period ended 31 March 2021 and therefore, there were lower interest costs in the period compared to the prior year period.

The lower finance costs in the period were offset by higher interest on lease liabilities of €5 million as a result of the new commitments on Masts site access, with higher interest payments (less principal paid) in the earlier years of the new leases.

In addition, in the period ended 31 March 2020, the group extinguished €6 million of debt modification fees in respect of the €700 million prepayment of Facility B borrowings.

Taxation

The tax charge for the nine-month period ended 31 March 2021 was €2 million, compared to the prior year corresponding period tax charge of €10 million. The lower tax charge in the period 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 nine-month period ended 31 March 2021, net cash generated from operating activities (including our share of Tetra) was €286 million compared with €352 million in the prior year corresponding period, a decrease of €66 million. The decrease is mainly due to working capital movements and higher tax payments of €16 million (from €4 million in the prior year period to €20 million for the period ended 31 March 2021).

Cash flows from investing activities

Total cash generated from investing activities was €29 million for the nine-month period ended 31 March 2021, compared with total cash used in investing activities of €223 million for the prior year corresponding period, an increase in cash of €252 million . The increase in cash is a result of the group selling its 100% shareholding in Emerald Tower Limited with net proceeds of €297 million received in the period. Also during the period, the group acquired Evros Technology Group, a leading IT services provider, and paid €47 million net of cash acquired on the acquisition date.

During the nine-month period ended 31 March 2021, payments for capital expenditure (cash) were €225 million, which is more or less in line with the €228 million for the prior year corresponding period. 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.

Cash flows from financing activities

The group’s principal payments on lease liabilities were €27 million for the nine-month period ended 31 March 2021 and €34 million for the prior year corresponding period. The decrease is partly due to lower principal payments on new commitments on Masts site access (there are higher interest payments in the earlier years of new leases) and partly due to timing of lease payments.

In the nine months period ended 31 March 2020, the group issued €350 million of 1.75% Senior Secured Notes and €350 million of 2.625% Senior Secured Notes and used the proceeds to prepay €700 million Facility B borrowings. The group repaid its revolving credit facility of €100 million in the period ending 31 December 2019 but subsequently drew down €50 million of the revolving credit facility during the third quarter ending 31 March 2020. Also debt issue costs of €5 million on the Senior Secured Notes and debt modification fees of €3 million on the Facility B borrowings were paid in the nine month period ended 31 March 2020.

Separately, in December 2020, a dividend distribution of €450 million (31 December 2019: €80 million) was paid to our equity shareholders, Wexford Limited.

eircom Holdings (Ireland) Limited

Disclaimer and Forward Looking Statements

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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.