eircom Holdings (Ireland) Limited

Unaudited results for the twelve months to 30 June 2021

3 September 2021

eircom Holdings (Ireland) Limited

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Trading highlights for the twelve months ended 30 June 2021[1]

- Revenue of €1,200 million for the twelve months to 30 June 2021 decreased by €13 million or 1% year on year. Growth in broadband, data services, postpay, and bundling, as well as the addition of NBP access revenue, proceeds from the sale of mobile sites, and the integration of revenue 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 €656 million increased by €23 million or 3% year on year, driven by continued operating cost savings.

- Fixed line revenue of €905 million decreased by €12 million or 1% 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 30 June 2021 was 970,000, an increase of 1% or 8,000 year on year. The retail customer base decreased by 2% or 12,000, while the wholesale base increased by 4% or 20,000. There were 819,000 customers availing of fibre based high speed broadband services, an increase of 7% or 52,000 year on year.

- Group fixed access paths decreased by 30,000 or 2% year on year, with a reduction in fixed line access net losses of 81,000[4]. Standalone broadband (SABB) lines increased by 22% or 51,000 year on year.

- Mobile revenue of €327 million decreased by 2% or €5 million year on year. An increase in postpay and other mobile revenue was offset by a decrease in prepay revenue.

- Total mobile customers at 30 June 2021 were 1,192,000[5], including 850,000 postpay customers and 342,000 prepay customers. The postpay customer base increased by 10% or 74,000 year on year, bringing the number of customers on postpay contracts to 71%, an increase of 4 percentage points year on year. The prepay base reduced by 10% or 38,000 year on year primarily driven by migration of customers to postpay contracts.

- Group operating costs[6] of €544 million were reduced by 6% or €36 million year on year.

- Full Time Equivalent (FTE) staff totalled 3,482 at 30 June 2021, an increase of 7% or 218 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 €224 million as at 30 June 2021.

[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.

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KPIs for the twelve months ended 30 June 2021 (unaudited)

	As at and for the twelve months ended		
	30 June 2020 (unaudited)	**30 June 2021 (unaudited)**	**Change 2020/2021[N1]**
Group Access Line Base ('000)			
Retail Access Lines	623	590	(5%)
Retail SABB*	26	24	(6%)
Wholesale Access Lines	446	398	(11%)
Wholesale SABB[7]	202	255	26%
Wholesale LLU[8]	2	2	(26%)
Total Access Lines	**1,299**	**1,269**	**(2%)**
Retail Voice Traffic (millions of minutes)	1,039	997	(4%)
Broadband Line Base ('000)			
Retail Broadband Lines	459	447	(2%)
Wholesale Broadband Lines	503	523	4%
Total Broadband Lines	**962**	**970**	**1%**
- *of which fibre broadband lines*	*767*	*819*	*7%*
Mobile Customer Base ('000)			
Prepay Handset Customers	376	340	(10%)
Prepay MBB Customers	4	2	(49%)
Total Prepay Customers	**380**	**342**	**(10%)**
Postpay Handsets (including M2M)	747	810	8%
Postpay MBB	29	40	40%
Total Postpay Customers	**776**	**850**	**10%**
Total Mobile Customers	**1,156**	**1,192**	**3%**
ARPUs (€) [N2 & N3]			
Consumer Blended ARPU	50.4	49.8	(1%)
WLR PSTN ARPU	16.6	16.6	0%
Bitstream ARPU (including SABB)	14.1	15.8	13%
Prepay ARPU (including MBB)	15.8	16.2	3%
Postpay ARPU (including MBB/M2M)	26.8	22.0	(18%)
Closing FTE Headcount	**3,264**	**3,482**	**7%**

[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 June 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 June 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 June 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]

	In the quarter ended 30 June 2020 [10]			In the quarter ended 30 June 2021		
	Reported €m	Adjusted €m	Statutory €m	Reported €m	Adjusted €m	Statutory €m
Revenue	292	(4)	288	**314**	**(3)**	**311**
Operating costs excluding non-cash pension charge and fair value lease credits	(131)	2	(129)	**(137)**	**1**	**(136)**
Adjusted EBITDA[11]	161	(2)	159	**177**	**(2)**	**175**
Closing Cash	255	(6)	249	**224**	**(5)**	**219**

	In the twelve months ended 30 June 2020[10]			In the twelve months ended 30 June 2021		
	Reported €m	Adjusted €m	Statutory €m	Reported €m	Adjusted €m	Statutory €m
Revenue	1,213	(18)	1,195	**1,200**	**(17)**	**1,183**
Operating costs excluding non-cash pension charge and fair value lease credits	(580)	8	(572)	**(544)**	**7**	**(537)**
Adjusted EBITDA[11]	633	(10)	623	**656**	**(10)**	**646**
Closing Cash	255	(6)	249	**224**	**(5)**	**219**

[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

	Fourth quarter ended Jun20 €m	Fourth quarter ended Jun21 €m	Twelve months ended Jun20 €m	Twelve months ended Jun21 €m
Operating (loss)/profit	(1)	**44**	132	**376**
Profit on disposal of right of use assets	-	**(5)**	-	**(5)**
Exceptional gain on exit from subsidiary	-	**-**	-	**(174)**
Exceptional items	50	**44**	72	**77**
Management charge	2	**2**	7	**7**
Non-cash pension charge	3	**(1)**	13	**4**
Operating profit before non-cash pension charges, management charge and exceptional items	54	**84**	224	**285**
Depreciation of right of use assets	10	**11**	42	**45**
Depreciation of property, plant and equipment	72	**71**	278	**270**
Amortisation	23	**9**	80	**47**
EBITDA before non-cash pension charges, management charge and exceptional items	159	**175**	624	**647**
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	159	**175**	623	**646**
EBITDA of joint ventures using proportionate consolidation	2	**2**	10	**10**
Reported EBITDA* before non-cash lease fair value credits, non-cash pension charges, management charge and exceptional items	161	**177**	633	**656**

Reported EBITDA* before non-cash lease fair value credits, non-cash pension charges, management charge and exceptional items is split as follows:				
Fixed line	129	**135**	496	**515**
Mobile	33	**41**	138	**140**
Inter-segment	(1)	**1**	(1)	**1**
	161	**177**	633	**656**

***** *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 June 2021

	30 June 2020	30 June 2021
	€m	€m
Revenue	288	**311**
Operating costs excluding amortisation, depreciation and exceptional items	(134)	**(137)**
Amortisation	(23)	**(9)**
Depreciation of property, plant and equipment	(72)	**(71)**
Depreciation of right of use assets	(10)	**(11)**
Exceptional items	(50)	**(44)**
Profit on disposal of right of use assets	-	**5**
Operating (loss)/profit	(1)	**44**
Finance costs – net	(28)	**(24)**
Share of profit of joint venture	2	**1**
(Loss)/profit before tax	(27)	**21**
Income tax credit/(charge)	2	**(1)**
(Loss)/profit for the period	(25)	**20**

Consolidated Income Statement – unaudited
For the twelve-month period ended 30 June 2021

	Notes	30 June 2020	30 June 2021
		€m	€m
Revenue	3	1,195	**1,183**
Operating costs excluding amortisation, depreciation and exceptional items		(591)	**(547)**
Amortisation	3	(80)	**(47)**
Depreciation of property, plant and equipment	3	(278)	**(270)**
Depreciation of right of use assets	3	(42)	**(45)**
Exceptional items	3, 4	(72)	**(77)**
Exceptional gain on exit from subsidiary	3, 5	-	**174**
Profit on disposal of right of use assets		-	**5**
Operating profit	3	132	**376**
Finance costs – net	6	(111)	**(95)**
Share of profit of joint venture		8	**7**
Profit before tax		29	**288**
Income tax charge	7	(7)	**(2)**
Profit for the period		22	**286**

eircom Holdings (Ireland) Limited

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

	30 June 2020	30 June 2021
	€m	**€m**
(Loss)/profit for the financial period attributable to equity holders of the parent	(25)	**20**
Other comprehensive expense:		
Items that will not be reclassified to profit or loss		
Defined benefit pension scheme remeasurement losses:		
- Remeasurement loss in period	(132)	(25)
- Tax on defined benefit pension scheme remeasurement losses	16	3
Other comprehensive expense, net of tax	(116)	**(22)**
Total comprehensive expense for the financial period	(141)	**(2)**

Group statement of comprehensive income – unaudited
For the twelve-month period ended 30 June 2021

	30 June 2020	30 June 2021
	€m	**€m**
Profit for the financial period attributable to equity holders of the parent	22	**286**
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	287	**(296)**
- Tax on defined benefit pension scheme remeasurement (gain)/losses	(36)	**37**
Other comprehensive income/(expense), net of tax	251	**(259)**
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	**(259)**
Total comprehensive income for the financial period	274	**27**

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

eircom Holdings (Ireland) Limited

Consolidated Balance Sheet – unaudited
As at 30 June 2021

	Notes	30 June 2020	30 June 2021
		€m	€m
Assets			
Non-current assets			
Goodwill		212	**288**
Other intangible assets		196	**159**
Property, plant and equipment		1,313	**1,307**
Right of use assets		244	**388**
Investments		-	**2**
Retirement benefit asset	11	468	**168**
Deferred tax assets		2	**2**
Other assets		14	**14**
		2,449	**2,328**
Current assets			
Inventories		20	**23**
Trade and other receivables	8	166	**195**
Contract assets		41	**33**
Restricted cash		3	**1**
Cash and cash equivalents		249	**219**
		479	**471**
Assets held for sale		57	**-**
		536	**471**
Total assets		2,985	**2,799**
Liabilities			
Non-current liabilities			
Borrowings	9	2,533	**2,536**
Lease liabilities	10	294	**565**
Trade and other payables		37	**36**
Deferred tax liabilities		114	**52**
Provisions for other liabilities and charges	12	118	**124**
		3,096	**3,313**
Current liabilities			
Lease liabilities	10	36	**50**
Trade and other payables		451	**510**
Current tax liabilities		10	**6**
Provisions for other liabilities and charges	12	13	**21**
		510	**587**
Liabilities directly associated with the assets held for sale		57	**-**
		567	**587**
Total liabilities		3,663	**3,900**
Equity			
Equity share capital		-	**-**
Capital contribution		62	**62**
Retained loss		(740)	**(1,163)**
Total equity		(678)	**(1,101)**
Total liabilities and equity		2,985	**2,799**

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 June 2021

	30 June 2020	30 June 2021
	€m	€m
Cash flows from operating activities		
Cash generated from operations	197	**242**
Interest paid	(35)	**(36)**
Income tax refund/(paid)	1	**(12)**
Net cash generated from operating activities	163	**194**
Cash flows from investing activities		
Disposal of subsidiary undertaking, net of cash disposed	-	**(1)**
Acquisition of subsidiary undertaking, net of cash acquired	-	**(3)**
Purchase of property, plant and equipment (PPE)	(51)	**(39)**
Purchase of intangible assets	(15)	**(11)**
Proceeds from sale of ROU assets	-	**4**
Dividend received from joint arrangement	4	**2**
Restricted cash	1	**-**
Net cash used in investing activities	(61)	**(48)**
Cash flows from financing activities		
Payment of principal on lease liabilities	(13)	**(14)**
Repayment on Revolving Credit Facility	(50)	**-**
Net cash used in financing activities	(63)	**(14)**
Net increase in cash, cash equivalents and bank overdrafts	39	**132**
Cash, cash equivalents and bank overdrafts at beginning of period	210	**87**
Cash, cash equivalents and bank overdrafts at end of period	249	**219**

eircom Holdings (Ireland) Limited

Consolidated cash flow statement – unaudited
For the twelve-month period ended 30 June 2021

	Notes	30 June 2020	30 June 2021
		€m	€m
Cash flows from operating activities			
Cash generated from operations	13	609	**606**
Interest paid		(98)	**(99)**
Income tax paid		(2)	**(31)**
Net cash generated from operating activities		509	**476**
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)	**(253)**
Purchase of intangible assets		(37)	**(22)**
Proceeds from sale of PPE assets		-	**2**
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)	**(15)**
Cash flows from financing activities			
Dividends paid to equity shareholder		(80)	**(450)**
Payment of principal on lease liabilities		(47)	**(41)**
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)	**(491)**
Net decrease in cash, cash equivalents and bank overdrafts		(6)	**(30)**
Cash, cash equivalents and bank overdrafts at beginning of period		255	**249**
Cash, cash equivalents and bank overdrafts at end of period		249	**219**

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 twelve-month period ended 30 June 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	-	-	-	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 period	**-**	**-**	**-**	**286**	**286**
Defined benefit pension scheme remeasurement loss	**-**	**-**	**-**	**(296)**	**(296)**
Tax on defined benefit pension scheme remeasurement loss	**-**	**-**	**-**	**37**	**37**
Total comprehensive income	**-**	**-**	**-**	**27**	**27**
Dividends relating to equity shareholder	**-**	**-**	**-**	**(450)**	**(450)**
Balance at 30 June 2021	**-**	**62**	**-**	**(1,163)**	**(1,101)**

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 3 September 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 June 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 June 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 June 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 twelve-month period ended 30 June 2021 are as follows:

	Fixed line €m	Mobile €m	Inter-segment €m	Reported* €m	Adjusted €m	Statutory* €m
Revenue	905	327	(32)	**1,200**	(17)	**1,183**
EBITDA **	515	140	1	**656**	(10)	**646**
Non-cash lease fair value credits	1	-	-	**1**	-	**1**
Non-cash pension charges	(4)	-	-	**(4)**	-	**(4)**
Management charge	(7)	-	-	**(7)**	-	**(7)**
Amortisation	(27)	(20)	-	**(47)**	-	**(47)**
Depreciation of PPE	(246)	(25)	-	**(271)**	1	**(270)**
Depreciation of right of use assets	(15)	(29)	(1)	**(45)**	-	**(45)**
Exceptional items	(58)	(19)	-	**(77)**	-	**(77)**
Exceptional gain on exit from subsidiary	-	174	-	**174**	-	**174**
Profit on disposal of right of use assets	-	5	-	**5**	-	**5**
Operating profit	**159**	**226**	**-**	**385**	**(9)**	**376**

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

	30 June 2020 €m	30 June 2021 €m
Restructuring programme costs	49	**48**
Covid-19 related costs	8	**2**
Transaction related costs	3	**2**
Group re-organisation costs	6	**4**
Impairment of leased assets	5	**18**
Other exceptional items	1	**3**
	72	**77**

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 €48 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 June 2021.

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

The charge of €48 million at 30 June 2021 includes an IAS 19 (Revised) defined benefit pension charge in relation to past service costs of €5 million (30 June 2020: €3 million).

Covid-19 related costs
The group included an additional charge of €2 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 June 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 June 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 €4 million for re-organisation costs in the period ended 30 June 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 June 2021.

Other exceptional items
During the period ended 30 June 2020, the group recognised an exceptional charge of €3 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 June 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

	30 June 2020 €m	30 June 2021 €m
(a) Finance costs:		
Interest payable on bank loans and other debts	84	**76**
Net interest cost on net pension liability	(3)	**(7)**
Amortisation of debt issue costs and debt modification fees	3	**3**
Interest on lease liabilities	15	**22**
Other unwinding of discount	6	**-**
Negative interest on cash deposits	-	**1**
	105	**95**
Write off of debt modification fees	6	**-**
	111	**95**
(b) Finance income:		
Interest income	-	**-**
Finance costs – net	111	**95**

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: -

	30 June 2020 €m	30 June 2021 €m
Profit before tax	29	**288**
Tax calculated at Irish standard tax rate of 12.5%	4	**36**
Effects of:-		
Non-deductible expenses	6	**3**
Income taxable at higher rate	-	**1**
Utilisation of losses carried forward	(1)	**-**
Group relief claimed	(1)	**-**
Income not subject to taxation	-	**(38)**
Adjustments in respect of prior periods	(1)	**-**
Tax charge for the period	7	**2**

8. Trade and other receivables

During the period ended 30 June 2021, the group recognised a provision for impaired receivables of €3 million (30 June 2020: €16 million and utilised provisions for impaired receivables of €6 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 June 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	**-**	**-**	**(6)**	**(1)**	**(7)**
	-	**-**	**1,094**	**349**	**1,443**
	-	**-**	**2,187**	**349**	**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 30 June 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 June 2021, the group has a €50 million revolving credit facility, which was undrawn at 30 June 2021.

Interest accrued on borrowings at 30 June 2021 is €8 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 June 2021 €m
At beginning of financial period	**330**
Additions	330
Arising on acquisition	1
Modifications	(2)
Carrying value of lease disposals	(3)
Interest	22
Payments	(63)
	615
Non-current	**565**
Current	**50**
	615

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 June 2021 reflects the IAS 19 (Revised) surplus of €168 million as at 30 June 2021.

Pension scheme obligation

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

	30 June 2020 €m	**30 June 2021 €m**
Present value of funded obligations	(4,012)	**(4,363)**
Fair value of scheme assets	4,480	**4,531**
Asset recognised in the Balance Sheet	468	**168**

Assumptions of actuarial calculations

The main financial assumptions used in the valuations were:

	At 30 June 2020	**At 30 June 2021**
Rate of increase in salaries	0.90%	1.50%
Rate of increase in pensions in payment	0.90%	1.50%
Discount rate	1.45%	1.35%
Inflation assumption	1.00%	1.60%
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	-	-	-	-	3	**3**
Transfer to receivables	-	-	-	-	(1)	**(1)**
Increase in provision capitalised as ARO	-	-	2	-	-	**2**
Utilised in the financial period	(3)	(2)	-	(8)	(3)	**(16)**
At 30 June 2021	**33**	**4**	**54**	**18**	**36**	**145**

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

	30 June 2020 €m	30 June 2021 €m
Non-current	118	**124**
Current	13	**21**
	131	**145**

13. Cash generated from operations

	30 June 2020 €m	30 June 2021 €m
Profit after tax	22	**286**
Add back:		
Income tax charge	7	**2**
Share of profit of joint venture	(8)	**(7)**
Finance costs – net	111	**95**
Operating profit	132	**376**
Adjustments for:		
- Gain on exit from subsidiary	-	**(174)**
- Profit on disposal of right of use assets	-	**(5)**
- Depreciation and amortisation	400	**362**
- Non-cash lease fair value credits	(1)	**(1)**
- Non cash retirement benefit charges	13	**4**
- Management charge	7	**7**
- Restructuring programme costs	49	**48**
- Non cash exceptional items	21	**24**
- Other non cash movements in provisions	8	**3**
Cash flows relating to restructuring and provisions	(29)	**(50)**
Changes in working capital		
Inventories	(6)	**(3)**
Trade and other receivables	31	**(8)**
Trade and other payables	(16)	**23**
Cash generated from operations	609	**606**

14. Post Balance Sheet Events

There have been no significant events affecting the group since the period ended 30 June 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 €76 million at 30 June 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 twelve months ended 30 June 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 twelve months ended 30 June 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 twelve months ended		
	30 June 2020 (unaudited)	**30 June 2021 (unaudited)**	**Change 2020/2021**
	€m	**€m**	
Fixed line services and other revenue	917	905	(1%)
Mobile services revenue	332	327	(2%)
Total segmental revenue	1,249	1,232	(1%)
Intracompany eliminations	(36)	(32)	10%
Total revenue	**1,213**	**1,200**	**(1%)**

Reported group revenue of €1,200 million for the twelve months to 30 June 2021 decreased by 1% or €13 million year on year. The fixed line revenue decrease of 1% or €12 million was primarily 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 the integration of revenue as a result of the acquisition of Evros. The mobile revenue decrease of 2% or €5 million was driven by a decrease in prepay revenue, partially offset by an increase in postpay and other mobile revenues, as well as from the proceeds of the sale of mobile sites as part of the recent tower disposal.

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 twelve months ended		
	30 June 2020 (unaudited)	**30 June 2021 (unaudited)**	**Change 2020/2021**
	€m	**€m**	
Access (Rental and Connections)	449	438	(2%)
Voice Traffic (including Foreign Inpayments)	205	175	(15%)
Data Services	109	112	3%
Other Products and Services	154	180	17%
Total fixed line services and other revenue	**917**	**905**	**(1%)**

Total fixed line services and other revenue for the twelve months to 30 June 2021 (before intra company eliminations) decreased by 1% or €12 million year on year. This decrease was driven by revenue declines in traditional access of 2% and voice traffic revenue of 15%, partly offset by an increase in data services revenue of 3% and other products and services revenue of 17% 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 twelve months ended		
	30 June 2020 (unaudited)	30 June 2021 (unaudited)	Change 2020/2021
Access revenue	**€m**	**€m**	
Retail PSTN/ISDN rental and connection	185	177	(5%)
Wholesale PSTN/ISDN/LLU rental and connection	102	93	(9%)
Broadband rental and connection	162	168	4%
Total access revenue	**449**	**438**	**(2%)**
Access paths	**‘000**	**‘000**	
Retail Access Lines	623	590	(5%)
Wholesale Access Lines	446	398	(11%)
Wholesale LLU	2	2	(26%)
SABB	228	279	22%
Total PSTN/ISDN/LLU/SABB	**1,299**	**1,269**	**(2%)**
Broadband and Bitstream	**‘000**	**‘000**	
Retail Broadband	459	447	(2%)
Wholesale Broadband	503	523	4%
Total Broadband (including SABB)	**962**	**970**	**1%**

Access revenue of €438 million for the twelve months to 30 June 2021 decreased by 2% or €11 million year on year. Declines in retail and wholesale access line revenues of 5% and 9% respectively were partially offset by a 4% increase in broadband revenue for the period.

Retail access revenue declined by 5% mainly due to declines in PSTN and ISDN lines. Retail access lines of 590,000 declined by 5% year on year.

Wholesale access revenue declined by 9% mainly due to a decline in wholesale access lines. Wholesale access lines of 398,000 declined by 11% year on year.

Broadband revenue increased by 4% driven by growth in the group broadband base of 1% or 8,000 lines year on year, as well as by continued migration of the base to fibre services. The retail broadband customer base of 447,000 decreased by 2%, while the wholesale broadband base of 523,000 increased by 4%.

The Group fibre broadband base of 819,000 as at 30 June 2021 increased by 7% or 52,000 customers year on year.

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Traffic

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

	For the twelve months ended		
	30 June 2020 (unaudited)	**30 June 2021 (unaudited)**	**Change 2020/2021**
	€m	**€m**	
Traffic revenue			
Retail	155	143	(8%)
Wholesale (including Foreign Inpayments)	50	32	(35%)
Total traffic revenue	**205**	**175**	**(15%)**
Traffic minutes (in millions of minutes, except percentages)			
Retail	1,039	997	(4%)
Wholesale (including Foreign Traffic Minutes)	3,114	2,956	(5%)
Total traffic minutes	**4,153**	**3,953**	**(5%)**

Group traffic revenue for the twelve months to 30 June 2021 decreased by 15% or €30 million year on year. Retail traffic revenue decreased by 8%, driven by pricing, while wholesale traffic revenue decreased by 35%, 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 twelve months ended		
	30 June 2020 (unaudited)	**30 June 2021 (unaudited)**	**Change 2020/2021**
	€m	**€m**	
Data communications revenue			
Leased lines	56	59	4%
Switched data services	13	13	(2%)
Next generation data services	40	40	2%
Total data communications revenue	**109**	**112**	**3%**

Data communications revenue for the twelve months to 30 June 2021 increased by 3% or €3 million year on year. A decrease of 2% in switched data services revenue was offset by an increase in leased lines revenue of 4% and next generation data services revenue of 2% year on year.

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 twelve months ended		
	30 June 2020 (unaudited)	**30 June 2021 (unaudited)**	**Change 2020/2021**
	€ m	**€ m**	
Other products and services			
TV and content	37	24	(35%)
Managed services and solutions	43	41	(6%)
Tetra	21	21	0%
Evros	-	33	N/M
UK	21	16	(21%)
Data centre	8	7	(16%)
Other revenue	24	38	61%
Other products and services revenue	**154**	**180**	**17%**

Other products and services revenue for the twelve months to 30 June 2021 increased by 17% or €26 million year on year. TV and content revenue decreased by 35%, primarily due to the effects of the pandemic and the loss of content rights in the eir sport segment. UK revenue decreased by 21% in the same period driven by a major contract loss, while data centre revenue declined by 16% and managed services revenue declined by 6%. The acquisition of Evros generated revenue of €33 million for the period from 1 March 2021. Other revenue increased by 61%, partly driven by NBP access revenue. Tetra revenue remained broadly stable when compared to the prior twelve month period.

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 twelve months ended		
	30 June 2020 (unaudited)	30 June 2021 (unaudited)	Change 2020/2021
	€m	€m	
Mobile revenue			
Prepay handset	79	71	(11%)
Postpay handset (incl. M2M)	163	164	1%
Mobile broadband	7	8	18%
Roaming	11	11	0%
Other	73	73	1%
Total mobile revenue	**332**	**327**	**(2%)**
Mobile subscribers	**'000**	**'000**	
Prepay handset customers	376	340	(10%)
Postpay handset customers (incl. M2M)	747	810	8%
Mobile broadband customers	33	42	30%
Of which are prepay customers	*4*	*2*	*(49%)*
Of which are postpay customers	*29*	*40*	*40%*
Total mobile subscribers	**1,156**	**1,192**	**3%**

Total mobile revenue for the twelve months to 30 June 2021 of €327 million decreased by 2% or €5 million year on year.

Prepay handset revenue declined by 11% or €8 million year on year, mainly due to a decline in prepay handset customers of 10% or 36,000, partly driven by migration of customers to postpay contracts.

Postpay handset revenue increased by 1% or €1 million year on year, mainly driven by an increase in postpay handset (including M2M) subscribers of 8% or 63,000 year on year. GoMo, the Group's revolutionary virtual postpay offering, has been the primary driver of the change in the subscriber base mix.

Mobile broadband revenue increased by 18% year on year, driven by growth in the mobile broadband base of 30% or 9,000 subscribers. Roaming revenue remained stable for the period, while other mobile revenue increased by 1%.

There were a total of 1,192,000 mobile subscribers as at 30 June 2021, an increase of 3% year on year. The mix of customers continues to improve, with the proportion of postpay customers (including mobile broadband and M2M) of 71% increasing by 4 percentage points year on year, representing an increase of 74,000 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.

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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 twelve months ended		
	30 June 2020 (unaudited)	30 June 2021 (unaudited)	Change 2020/2021
	€m	€m	
Cost of sales			
Foreign outpayments	8	7	(9%)
Interconnect	63	42	(34%)
Equipment cost of sales	55	50	(9%)
Other including subsidiaries and new business	119	130	9%
Total cost of sales	**245**	**229**	**(7%)**
Pay costs			
Wages and salaries and other staff costs	189	187	(1%)
Social welfare costs	11	13	15%
Pension cash costs—defined contribution plans	4	4	14%
Pension cash costs—defined benefit plans	14	10	(25%)
Pay costs before non-cash pension charge and capitalisation	**218**	**214**	**(2%)**
Capitalised labour	(53)	(44)	(17%)
Total pay costs before non-cash pension charge	**165**	**170**	**4%**
Non pay costs			
Materials and services	16	13	(19%)
Other network costs	17	18	5%
Accommodation	53	54	3%
Sales and marketing	20	16	(23%)
Provision for credit losses	10	3	(74%)
Transport and travel	8	7	(10%)
Customer services	10	7	(29%)
Insurance and compensation	10	5	(53%)
Professional and regulatory fees	5	5	(10%)
IT costs	17	15	(9%)
Other non-pay costs	4	2	(53%)
Total non-pay costs	**170**	**145**	**(15%)**
Operating costs before non-cash pension charge, non-cash fair value lease credits, management charge, amortisation, depreciation, and exceptional items	**580**	**544**	**(6%)**
Depreciation of right of use assets	42	45	(7%)
Operating costs before non-cash pension charge, non-cash fair value lease credits, management charge, amortisation, depreciation of PPE, and exceptional items	**622**	**589**	**(5%)**
Non cash pension charge/(credit)	13	4	(69%)
Non cash fair value lease credits	(1)	(1)	0%
Management charge	7	7	0%
Operating costs before, amortisation, depreciation of PPE, and exceptional items	**641**	**599**	**(7%)**

Total operating costs for the twelve months to 30 June 2021 before non-cash pension charge, non-cash fair value lease credits, management charge, amortisation, depreciation and exceptional items of €544 million decreased by 6% or €36 million year on year.

Cost of Sales

Cost of sales for the twelve months to 30 June 2021 of €229 million decreased by 7% or €16 million year on year.

- Foreign outpayments and Interconnect payments to other telecommunications operators decreased by 9% and 34% respectively, driven by reduced traffic and MTR.
- Equipment costs of sales decreased by 9% for the period year on year.
- Other cost of sales increased by 9%, primarily driven by the addition of Evros cost of sales.

[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 for the twelve months to 30 June 2021 before non-cash pension charge of €170 million increased by 4% or €5 million year on year. The increase is primarily due to the addition of Evros pay costs. FTE headcount was 3,482 at 30 June 2021, representing a net increase of 7% or 218 FTE year on year, driven by the acquisition of Evros.

Total non-pay costs

Total non-pay costs for the twelve months to 30 June 2021 of €145 million decreased by 15% or €25 million year on year.

- Sales and marketing costs decreased by 23%, primarily driven by decreased commission and marketing costs.
- Customer service costs decreased by 29%, driven by both the impact of restructuring and insourcing of customer care and improvements in billing processes.
- Provision for credit losses decreased by 74% driven by improvements in billing and a review of aged provisions.
- Materials and service costs decreased by 19%, driven by a reduction in the cost of network activity.
- Insurance and compensation costs decreased by 53%.
- IT costs decreased by 9%, driven by the continued streamlining of the IT stack.
- Other non-pay costs decreased by 53% 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 twelve-month period ended 30 June 2021 were €47 million, €33 million lower than the prior year period, this is mainly due to trademarks being fully amortised in the first quarter ended 30 September 2020 (trademarks are €18 million lower than prior year). There was also lower amortisation on computer software of €10 million and TV content rights of €5 million in the twelve-month period ended 30 June 2021.

Depreciation of property, plant and equipment

The depreciation charge on property, plant and equipment for the twelve-month period ended 30 June 2021 was €271 million, which is €8 million lower than the prior year charge for the same period of €279 million. The decrease in depreciation is partly due to the lower 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 twelve-month period ended 30 June 2021 was €45 million, which is €3 million higher than the prior year charge for the same period of €42 million. The increase in depreciation is due to higher depreciation on Masts site access.

Exceptional costs

The exceptional charges in the twelve-month period ended 30 June 2021 of €77 million includes €48 million for restructuring programme costs, €18 million for impairment of leased assets, €4 million for group re-organisation costs, €2 million for transaction related costs, €2 million for Covid-19 related costs and €3 million for other costs in relation to legal matters.

The exceptional restructuring charge is for committed staff exits in the period ended 30 June 2021. The charge of €48 million includes €5 million for IAS 19 (Revised) defined benefit pension past service costs on staff exits.

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

The exceptional charge of €72 million for the period ended 30 June 2020 included €49 million for restructuring programme costs in respect of staff exits, €8 million for Covid-19 related costs, €6 million for group re-organisation costs, €3 million for transaction related costs and €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 twelve-month period ended 30 June 2021 of €95 million were €16 million lower than the prior year period of €111 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 twelve-month period ended 30 June 2021 and therefore, there were lower interest costs in the period compared to the prior year period.

There were also lower finance costs in the period on net pension interest costs of €4 million as the pension scheme is currently in a surplus (asset).

In addition, in the period ended 30 June 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 twelve-month period ended 30 June 2021 was €3 million, compared to the prior year corresponding period tax charge of €8 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.

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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 twelve-month period ended 30 June 2021, net cash generated from operating activities (including our share of Tetra) was €483 million compared with €518 million in the prior year corresponding period, a decrease of €35 million. The decrease is mainly due to higher tax payments of €29 million (from €3 million in the prior year period to €32 million for the twelve-month period ended 30 June 2021) and relates to the timing of tax payments in the two twelve-month periods.

There was also higher restructuring (incentivised exits) and provision payments of €21 million (from €29 million in the prior year corresponding period to €50 million in the twelve-month period ended 30 June 2021) offset by higher EBITDA of €23 million in the twelve-month period ended 30 June 2021.

Cash flows from investing activities

Total cash used in investing activities was €23 million for the twelve-month period ended 30 June 2021, compared with €288 million for the prior year corresponding period, an increase in cash of €265 million. The increase in cash is a result of the group selling its 100% shareholding in Emerald Tower Limited with net proceeds of €296 million received in the period. The group also acquired Evros Technology Group, a leading IT services provider, and paid €50 million, net of cash acquired, on the acquisition in the period.

During the twelve-month period ended 30 June 2021, payments for capital expenditure (cash) were €277 million, compared with €294 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 €41 million for the twelve-month period ended 30 June 2021 and €47 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 twelve months period ended 30 June 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 also repaid its revolving credit facility of €100 million during the year. 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 year ended 30 June 2020.

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

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.