eircom Holdings (Ireland) Limited

Unaudited results report
for the three months to March 2023

18 May 2023

eircom Holdings (Ireland) Limited

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Trading highlights for the three months to March 2023[1]

- Revenue of €304 million for the three months to March 2023 increased by 1% or €3 million year on year. Growth in postpay mobile and bundling, as well as an increase in NBP access revenue and Evros revenue, was offset by revenue reductions in traditional access and TV & content.

- Group adjusted EBITDA[2] of €144 million decreased by 9% or €14 million year on year; €9 million relating to gross margin, driven by handset costs and product mix changes and €4 million relating to pay and non-pay costs, driven mainly by increased commercial investment

- Fixed line revenue of €232 million decreased by €3 million year on year, driven by traditional voice access declines and broadband revenue declines, partly offset by growth NBP access revenue and managed services revenues as well as the consolidation of Evros revenue.

- The group broadband customer base[3] at quarter end was 946,000, a decline of 2% or 15,000 customers year on year driven by a wholesale base decrease of 5% or 27,000 offset by an increase of 12,000 retail customers. There were 845,000 customers availing of fibre based high speed broadband services, an increase of 2% or 14,000 year on year.

- Group fixed access paths decreased by 4% or 49,000 year on year, with a reduction in fixed line access net losses of 62,000[4]. Standalone broadband (SABB) lines increased by 13,000 year on year.

- Mobile revenue of €82 million increased by 10% or €7 million year on year driven by growth in service revenue from a 10% increase in the postpay base.

- Total mobile customers at quarter end were 1,339,000[5], including 1,011,000 postpay customers and 328,000 prepay customers. The postpay customer base increased by 11% or 102,000 year on year, bringing the number of customers on postpay contracts to 75%, an increase of 1 percentage point year on year. The prepay base increased by 3,000 customers year on year, primarily driven by a focus on prepay tactical offers.

- Group operating costs[6] of €89 million increased by 5% or €5 million year on year, primarily due to increased mobile network costs as the company increases its mobile sites footprint.

- Full Time Equivalent (FTE) staff totalled 3,469 at quarter end, down 0.4% year on year.

- Cash on hand of €358 million at quarter end.

[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 cost of sales, pay costs, and non-pay costs, excluding non-cash pension charge, fair value lease credits, and management charge.

eircom Holdings (Ireland) Limited
KPIs as at 31 March 2023 (unaudited)

	As at and for the three months ended		
	31 Mar 2022 (unaudited)	**31 Mar 2023 (unaudited)**	**% Change N1**
Group Access Paths ('000)			
Retail Access Lines	567	565	0%
Retail SABB*	24	17	(28%)
Wholesale Access Lines	363	303	(16%)
Wholesale SABB[7]	285	305	7%
Wholesale LLU[8]	1	1	0%
Total Group Access Paths	**1,240**	**1,191**	**(4%)**
Retail Voice Traffic (millions of minutes)	242	183	(24%)
Broadband Line Base ('000)			
Retail Broadband Lines	435	447	2%
Wholesale Broadband Lines	526	499	(5%)
Total Broadband Lines	**961**	**946**	**(2%)**
- *of which fibre broadband lines*	*831*	*845*	*2%*
Mobile Customer Base ('000)			
Prepay Handset Customers	323	327	(1%)
Prepay MBB Customers	2	1	(26%)
Total Prepay Customers	**325**	**328**	**(1%)**
Postpay Handsets (including M2M)	862	951	10%
Postpay MBB	47	60	26%
Total Postpay Customers	**909**	**1,011**	**11%**
Total Mobile Customers	**1,234**	**1,339**	**9%**
ARPUs (€) N2 & N3			
Consumer Blended ARPU	49.4	46.9	(5%)
WLR PSTN ARPU	17.0	16.9	(1%)
Bitstream ARPU (including SABB)	17.8	17.9	1%
Prepay ARPU (including MBB)	16.0	15.8	1%
Postpay ARPU (including MBB/M2M)	19.7	19.1	(3%)
Closing FTE Headcount	**3,484**	**3,469**	**0%**

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

eircom Holdings (Ireland) Limited

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 2023. 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 2023.

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 2023, in respect of the group has been prepared using the same accounting policies as applied for the financial period ended 31 December 2021. 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 financial period ended 31 December 2021.

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 2022			In the quarter ended 31 March 2023		
	Reported €m	**Adjusted €m**	**Statutory €m**	**Reported €m**	**Adjusted €m**	**Statutory €m**
Revenue	301	(4)	297	**304**	**-**	**304**
Operating costs excluding management charge and non-cash pension charge	(143)	2	(141)	**(160)**	**-**	**(160)**
Adjusted EBITDA[10]	158	(2)	156	**144**	**-**	**144**
Closing Cash	329		329	**358**	**-**	**358**

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

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

eircom Holdings (Ireland) Limited

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

	Three months ended March22 €m	Three months ended March23 €m
Operating profit	135	**60**
Profit on disposal of property, plant and equipment	-	**(5)**
Exceptional gain on exit from subsidiary/joint venture	(68)	**-**
Exceptional items	7	**4**
Management charge	2	**2**
Non-cash pension charge	(2)	**(1)**
Operating profit before non-cash pension charges, management charge and exceptional items	74	**60**
Depreciation of right of use assets	12	**13**
Depreciation of property, plant and equipment	60	**60**
Amortisation	10	**11**
EBITDA before non-cash pension charges, management charge and exceptional items	156	**144**
IFRS 3 unfavourable lease fair value adjustment	-	-
Adjusted EBITDA before non-cash lease fair value credits, non-cash pension charges, management charge and exceptional items	156	**144**
EBITDA** of joint ventures using proportionate consolidation	2	**-**
Reported EBITDA before non-cash lease fair value credits, non-cash pension charges, management charge and exceptional items**	158	**144**

Reported EBITDA before non-cash lease fair value credits, non-cash pension charges, management charge and exceptional items is split as follows:**		
Fixed line	124	**110**
Mobile	34	**34**
	158	**144**

**** ***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 31 March 2023

	Notes	31 March 2022	31 March 2023
		€m	**€m**
Revenue	3	297	**304**
Operating costs excluding amortisation, depreciation and exceptional items		(141)	**(161)**
Amortisation	3	(10)	**(11)**
Depreciation of property, plant and equipment	3	(60)	**(60)**
Depreciation of right of use assets	3	(12)	**(13)**
Exceptional items	3, 4	(7)	**(4)**
Exceptional gain on exit from subsidiary/joint venture	3, 5	68	**-**
Profit on disposal of property, plant and equipment	3	-	**5**
Operating profit	3	135	**60**
Finance costs – net	6	(25)	**(27)**
Share of profit of joint venture		1	**-**
Profit before tax		111	**33**
Income tax charge	7	(9)	**(6)**
Profit for the period		102	**27**
Attributable to:			
Equity holders of the parent		102	27
Non-controlling interests		-	-
		102	**27**

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

eircom Holdings (Ireland) Limited

Group statement of comprehensive income – unaudited
For the three-month period ended 31 March 2023

	31 March 2022	31 March 2023
	€m	**€m**
Profit for the financial period	102	**27**
Other comprehensive income/(expense):		
Items that will not be reclassified to profit or loss		
Defined benefit pension scheme remeasurement gain/(losses):		
- Remeasurement gain/(loss) in period	140	**(21)**
- Tax on defined benefit pension scheme remeasurement (gain)/losses	(18)	**3**
	122	**(18)**
Items that may be reclassified subsequently to profit or loss		
Net changes in cash flow hedge reserve:		
- Fair value loss in period	-	**(2)**
	-	**(2)**
Other comprehensive income/(expense), net of tax	122	**(20)**
Total comprehensive income for the financial period	224	**7**
Attributable to:		
Equity holders of the parent	224	8
Non-controlling interests	-	(1)
	224	7

eircom Holdings (Ireland) Limited

Consolidated Balance Sheet – unaudited
As at 31 March 2023

	Notes	31 Dec 2022	31 March 2023
		€m	€m
Assets			
Non-current assets			
Goodwill		235	**235**
Other intangible assets		195	**191**
Property, plant and equipment		1,301	**1,298**
Right of use assets		369	**356**
Retirement benefit asset	11	716	**702**
Derivative financial instruments		17	**14**
Deferred tax assets		2	**2**
Other assets		13	**13**
		2,848	**2,811**
Current assets			
Inventories		37	**45**
Trade and other receivables	8	195	**244**
Contract assets		25	**24**
Derivative financial instruments		7	**9**
Restricted cash		56	**56**
Cash and cash equivalents		507	**358**
		827	**736**
Total assets		3,675	**3,547**
Liabilities			
Non-current liabilities			
Borrowings	9	2,945	**2,876**
Lease liabilities	10	572	**554**
Trade and other payables		29	**24**
Deferred tax liabilities		109	**106**
Provisions for other liabilities and charges	12	87	**85**
		3,742	**3,645**
Current liabilities			
Lease liabilities	10	58	**52**
Trade and other payables		518	**487**
Current tax liabilities		-	**3**
Provisions for other liabilities and charges	12	36	**32**
		612	**574**
Total liabilities		4,354	**4,219**
Equity			
Equity share capital		-	**-**
Capital contribution		62	**62**
Cash flow hedging reserve		11	**10**
Retained loss		(1,302)	**(1,293)**
Equity attributable to equity holders of the parent		(1,229)	**(1,221)**
Non-controlling interests		550	**549**
Total equity		(679)	**(672)**
Total liabilities and equity		3,675	**3,547**

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 31 March 2023

	Notes	31 March 2022	31 March 2023
		€m	€m
Cash flows from operating activities			
Cash generated from operations	13	79	**48**
Interest received		-	**1**
Interest paid		(15)	**(29)**
Income tax paid		(9)	**(1)**
Net cash generated from operating activities		55	**19**
Cash flows from investing activities			
Disposal of subsidiary/joint venture		76	**-**
Purchase of property, plant and equipment (PPE)		(62)	**(78)**
Purchase of intangible assets		(15)	**(6)**
Proceeds from sale of PPE assets		-	**9**
Net cash used in investing activities		(1)	**(75)**
Cash flows from financing activities			
Payment of principal on lease liabilities		(12)	**(25)**
Repayment on Facility B borrowings		-	**(11)**
Repayment of 3.5% Senior Secured Notes		-	**(35)**
Repayment of 1.75% Senior Secured Notes		-	**(22)**
Net cash used in financing activities		(12)	**(93)**
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		42	**(149)**
Cash, cash equivalents and bank overdrafts at beginning of period		287	**507**
Cash, cash equivalents and bank overdrafts at end of period		329	**358**

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 three-month period ended 31 March 2023

	Attributable to the equity holders of the parent					
	Equity share capital €m	**Capital contribution €m**	**Cash flow hedging reserve €m**	**Retained loss €m**	**Non-controlling interests €m**	**Total equity €m**
Balance at 31 December 2021	**-**	**62**	**-**	**(956)**	**-**	**(894)**
Profit for the period	-	-	-	102	-	**102**
Defined benefit pension scheme remeasurement gain	-	-	-	140	-	**140**
Tax on defined benefit pension scheme remeasurement gain	-	-	-	(18)	-	**(18)**
Total comprehensive income	**-**	**-**	**-**	224	**-**	**224**
Balance at 31 March 2022	**-**	**62**	**-**	**(732)**	**-**	**(670)**
Balance at 31 December 2022	**-**	**62**	**11**	**(1,302)**	**550**	**(679)**
Profit for the period	-	-	-	27	-	**27**
Defined benefit pension scheme remeasurement loss	-	-	-	(21)	-	**(21)**
Tax on defined benefit pension scheme remeasurement loss	-	-	-	3	-	**3**
Cash flow hedge fair value loss in period	-	-	(1)	-	(1)	**(2)**
Total comprehensive (expense)/income	**-**	**-**	**(1)**	**9**	**(1)**	**7**
Balance at 31 March 2023	**-**	**62**	**10**	**(1,293)**	**549**	**(672)**

eircom Holdings (Ireland) Limited

Consolidated statement of changes in shareholders' equity – unaudited
For the three-month period ended 31 March 2023

	Attributable to the equity holders of the parent					
	Equity share capital €m	**Capital contribution €m**	**Cash flow hedging reserve €m**	**Retained loss €m**	**Non-controlling interests €m**	**Total equity €m**
Balance at 31 December 2021	**-**	**62**	**-**	**(956)**	**-**	**(894)**
Profit for the period	-	-	-	102	-	**102**
Defined benefit pension scheme remeasurement gain	-	-	-	140	-	**140**
Tax on defined benefit pension scheme remeasurement gain	-	-	-	(18)	-	**(18)**
Total comprehensive income	**-**	**-**	**-**	224	**-**	**224**
Balance at 31 March 2022	**-**	**62**	**-**	**(732)**	**-**	**(670)**
Balance at 31 December 2022	**-**	**62**	**11**	**(1,302)**	**550**	**(679)**
Profit for the period	-	-	-	27	-	**27**
Defined benefit pension scheme remeasurement loss	-	-	-	(21)	-	**(21)**
Tax on defined benefit pension scheme remeasurement loss	-	-	-	3	-	**3**
Cash flow hedge fair value loss in period	-	-	(1)	-	(1)	**(2)**
Total comprehensive (expense)/income	**-**	**-**	**(1)**	**9**	**(1)**	**7**
Balance at 31 March 2023	**-**	**62**	**10**	**(1,293)**	**549**	**(672)**

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 18 May 2023.

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 2023.

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 2023, in respect of the group has been prepared using the same accounting policies as applied for the year ended 31 December 2022. 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 31 December 2022.

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 three-month period ended 31 March 2023 are as follows:

	Fixed line €m	**Mobile €m**	**Inter-segment €m**	**Reported €m**	**Adjusted €m**	**Statutory €m**
Revenue	232	82	(10)	**304**	-	**304**
EBITDA *	110	34	-	**144**	-	**144**
Non-cash pension charges	1	-	-	**1**	-	**1**
Management charge	(2)	-	-	**(2)**	-	**(2)**
Amortisation	(6)	(5)	-	**(11)**	-	**(11)**
Depreciation of PPE	(52)	(8)	-	**(60)**	-	**(60)**
Depreciation of right of use assets	(4)	(9)	-	**(13)**	-	**(13)**
Exceptional items	(5)	1	-	**(4)**	-	**(4)**
Profit on disposal of property, plant and equipment	5	-	-	**5**	-	**5**
Operating profit	**47**	**13**	**-**	**60**	**-**	**60**

The segment results for the three-month period ended 31 March 2022 are as follows:

	Fixed line €m	**Mobile €m**	**Inter-segment €m**	**Reported** €m**	**Adjusted €m**	**Statutory** €m**
Revenue	235	75	(9)	**301**	(4)	**297**
EBITDA *	124	34	-	**158**	(2)	**156**
Non-cash pension charges	2	-	-	**2**	-	**2**
Management charge	(2)	-	-	**(2)**	-	**(2)**
Amortisation	(5)	(5)	-	**(10)**	-	**(10)**
Depreciation of PPE	(54)	(7)	-	**(61)**	1	**(60)**
Depreciation of right of use assets	(4)	(8)	-	**(12)**	-	**(12)**
Exceptional items	(4)	(3)	-	**(7)**	-	**(7)**
Exceptional gain on exit from joint venture	68	-	-	**68**	-	**68**
Operating profit	**125**	**11**	**-**	**136**	**(1)**	**135**

* 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.

** 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.

4. Exceptional items

	31 March 2022 €m	31 March 2023 €m
Restructuring programme costs	1	**4**
Strategic review and other related costs	2	**-**
Group re-organisation costs	3	**-**
Other exceptional items	1	**-**
	7	**4**

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 €4 million (31 March 2022: €1 million) for restructuring programme costs in respect of staff that had committed to exiting the business in the period ended 31 March 2023.

No provision has been included in respect of future staff exits not committed at 31 March 2023, and any further costs will be charged to the income statement and impact cash flows in future periods.

Strategic review and other related costs
The group incurred costs of €2 million for various projects in relation to the corporate group structure in the period ended 31 March 2022.

Group re-organisation costs
The group included an exceptional charge of €3 million for re-organisation costs in the period ended 31 March 2022.

Other exceptional items
During the period ended 31 March 2022, the group recognised an exceptional charge of €1 million in respect of legal and other related matters.

5. Exceptional gain on exit from subsidiary/joint venture

	31 March 2022 €m	31 March 2023 €m
Disposal consideration	76	**-**
Net assets disposed	(8)	**-**
	68	**-**

In March 2022, the group completed the sale of its majority stake in Tetra Ireland Communications Limited, a provider of secure communications for use by emergency services and non-commercial public bodies.

6. Finance costs – net

	31 March 2022 €m	31 March 2023 €m
(a) Finance costs:		
Interest payable on bank loans and other debts	19	**30**
Net interest cost on net pension liability	(1)	**(8)**
Amortisation of debt issue costs and debt fees	1	**2**
Interest on lease liabilities	6	**7**
	25	**31**
(b) Finance income:		
Interest income	-	**(1)**
Discount on redemption of Senior Secured Notes	-	**(3)**
	-	**(4)**
Finance costs – net	25	**27**

During the period ended 31 March 2023, the group redeemed €38 million of the 3.5% Senior Secured Notes due 2026 and €22 million of the 1.75% Senior Secured Notes due 2024. In total, the group repurchased €60 million of the principal amount of the Senior Secured Notes for cash of €57 million resulting in a gain of €3 million and this is included in the income statement as discount on redemption of Senior Secured Notes.

Interest on FNI Facility B borrowings for the period ended 31 March 2023 was €8 million (31 March 2022: €Nil). This is included in "Interest payable on bank loans and other debt".

7. Income tax charge

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

	31 March 2022 €m	31 March 2023 €m
Profit before tax	111	**33**
Tax calculated at Irish standard tax rate of 12.5%	14	**4**
Effects of:-		
Non-deductible expenses	4	**-**
Income taxable at higher rate	-	**2**
Income not subject to taxation	(9)	**-**
Tax charge for the period	9	**6**

8. Trade and other receivables

During the period ended 31 March 2023, the group recognised a provision for impaired receivables of €2 million (31 March 2022: €2 million) and utilised provisions for impaired receivables of €9 million (31 March 2022: €1 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 31 March 2023					
Bank borrowings (Facility B)	-	-	**1,039**	-	**1,039**
Debt fees	-	-	**(4)**	-	**(4)**
	-	-	**1,035**	-	**1,035**
Bank borrowings (FNI Facility B)	-	-	-	**765**	**765**
Debt fees	-	-	-	**(15)**	**(15)**
	-	-	-	**750**	**750**
3.5% Senior Secured Notes due 2026	-	-	**552**	-	**552**
1.75% Senior Secured Notes due 2024	-	**258**	-	-	**258**
2.625% Senior Secured Notes due 2027	-	-	**281**	-	**281**
	-	**258**	**833**	-	**1,091**
	-	**258**	**1,868**	**750**	**2,876**
As at 31 December 2022					
Bank borrowings (Facility B)	-	-	1,050	-	1,050
Debt fees	-	-	(5)	-	(5)
	-	-	1,045	-	1,045
Bank borrowings (FNI Facility B)	-	-	-	765	765
Debt fees	-	-	-	(16)	(16)
	-	-	-	749	749
3.5% Senior Secured Notes due 2026	-	-	590	-	590
1.75% Senior Secured Notes due 2024	-	280	-	-	280
2.625% Senior Secured Notes due 2027	-	-	281	-	281
	-	280	871	-	1,151
	-	280	1,916	749	2,945

At 31 March 2023, the group has Senior Bank borrowings of €1,039 million with a maturity date of 15 May 2026 and Senior Secured Notes of €552 million with a maturity date of 15 May 2026, €258 million with a maturity date of 1 November 2024 and €281 million with a maturity date of 15 February 2027.

At 31 March 2023, the group has a €50 million revolving credit facility, which was undrawn at 31 March 2023.

At 31 March 2023, Fibre Networks Ireland Limited ("FNI"), the group's subsidiary with InfraVia, has Facility B borrowings of €765 million, with a maturity date of 30 June 2029. It also has Facility C commitment of €200 million and a revolving credit facility of €35 million, both of which were undrawn at 31 March 2023.

Interest accrued on borrowings at 31 March 2023 is €18 million (31 December 2022: €10 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 Dec 2022 €m	31 March 2023 €m
At beginning of period 1 January	627	**630**
Additions	52	**1**
Modifications	1	**-**
Disposals	(3)	**-**
Interest	26	**7**
Payments	(73)	**(32)**
	630	**606**
Non-current	572	**554**
Current	58	**52**
	630	**606**

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 2023 reflects the IAS 19 (Revised) surplus of €702 million as at 31 March 2023.

Pension scheme obligation

The status of the principal scheme at 31 March 2023 is as follows:

	31 Dec 2022 €m	31 March 2023 €m
Present value of funded obligations	(3,151)	**(3,204)**
Fair value of scheme assets	3,867	**3,906**
Asset recognised in the Balance Sheet	716	**702**

Assumptions of actuarial calculations

The main financial assumptions used in the valuations were:

	At 31 Dec 2022	At 31 March 2023
Rate of increase in salaries	2.3%	2.3%
Rate of increase in pensions in payment	2.3%	2.3%
Discount rate	4.15%	4.0%
Inflation assumption	2.5%	2.5%
Mortality assumptions – Pensions in payment – Implied life expectancy for 65 year old male	87 years	87 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	91 years	91 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.

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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 Scheme €m	Other €m	Total €m
At 31 December 2022	**29**	**3**	**51**	**4**	**36**	**123**
Charged to consolidated income statement:						
- Additional provisions	-	-	-	-	1	**1**
Utilised in the financial period	(1)	-	-	(4)	(2)	**(7)**
At 31 March 2023	**28**	**3**	**51**	**-**	**35**	**117**

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

	31 Dec 2022 €m	31 March 2023 €m
Non-current	87	**85**
Current	36	**32**
	123	**117**

13. Cash generated from operations

	31 March 2022 €m	31 March 2023 €m
Profit after tax	102	**27**
Add back:		
Income tax charge	9	**6**
Share of profit of joint venture	(1)	**-**
Finance costs – net	25	**27**
Operating profit	135	**60**
Adjustments for:		
- Gain on exit from subsidiary/joint venture	(68)	**-**
- Profit on disposal of property, plant and equipment	-	**(5)**
- Depreciation and amortisation	82	**84**
- Non cash retirement benefit charge/(credit)	(2)	**(1)**
- Management charge	2	**2**
- Restructuring programme costs	1	**4**
- Non cash exceptional items	3	**(2)**
- Other non-cash movements in provisions	1	**1**
Cash flows relating to restructuring and provisions	(4)	**(21)**
Changes in working capital		
Inventories	(3)	**(8)**
Trade and other receivables	(7)	**(29)**
Trade and other payables	(61)	**(37)**
Cash generated from operations	79	**48**

14. Post Balance Sheet Events

The group is currently in the process of using its existing cash to repurchase part of the Facility B borrowing due 2026 of €1,039 million, the 3.5% Senior Secured Notes due 2026 of €552 million, the 1.75% Senior Secured Notes due 2024 of €258 million and the 2.625% Senior Secured Notes due 2027of €281 million.

There have been no other significant events affecting the group since the period ended 31 March 2023.

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 31 December 2022.

16. Guarantees

There have been no material changes in our credit guarantees since the publication of the financial statements of EHIL in the bondholder's report for the year ended 31 December 2022.

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 €60 million at 31 March 2023 (31 December 2022: €62 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 31 December 2022.

Management discussion and analysis on results of operations for the three months ended 31 March 2023

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 applies the equity method of accounting for the investment in Tetra. This applies for all periods ended to the 31 March 2022 when eir's shareholding in the entity was sold.

Revenue

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

	For the three months ended		
	31 Mar 2022 (unaudited)	31 Mar 2023 (unaudited)	% Change
	€m	€m	
Fixed line services and other revenue	235	232	(1%)
Mobile services revenue	75	82	10%
Total segmental revenue	310	314	1%
Intracompany eliminations	(9)	(10)	(13%)
Total revenue	**301**	**304**	**1%**

Reported group revenue of €304 million for the three months to March 2023 increased by 1% or €3 million year on year. The fixed line revenue decreased by €3 million. Mobile revenue increased by 10% or €7 million.

Fixed line services and other revenue

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

	For the three months ended		
	31 Mar 2022 (unaudited)	31 Mar 2023 (unaudited)	% Change
	€m	€m	
Access (Rental and Connections)	101	88	(13%)
Voice Traffic (including Foreign Inpayments)	42	46	10%
Data Services	28	30	8%
Subsidiaries and Other	64	68	7%
Total fixed line services and other revenue	**235**	**232**	**(1%)**

Total fixed line services and other revenue for the first quarter 2023 (before intra company eliminations) decreased by 1% or €3 million year on year. The decrease was driven by the continued decline in legacy access services offset by increase in voice traffic of 10% and an increase in data services revenue of 8% while other products and services revenue increased 7% year on year, driven by an increase in Evros revenue and NBP access revenue.

Access (rental and connections)

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

	For the three months ended		
	31 Mar 2022 (unaudited)	**31 Mar 2023 (unaudited)**	**% Change**
Access revenue	**€m**	**€m**	
Retail PSTN/ISDN rental and connection	40	38	(10%)
Wholesale PSTN/ISDN/LLU rental and connection	21	17	(15%)
Broadband rental and connection	40	33	(18%)
Total access revenue	**101**	**88**	**(14%)**
Access paths	**'000**	**'000**	
Retail Access Lines	567	565	1%
Wholesale Access Lines	363	303	(16%)
Wholesale LLU	1	1	(16%)
SABB	309	322	4%
Total PSTN/ISDN/LLU/SABB	**1,240**	**1,191**	**(4%)**
Broadband and Bitstream	**'000**	**'000**	
Retail Broadband	435	447	2%
Wholesale Broadband	526	499	(5%)
Total Broadband (including SABB)	**961**	**946**	**(2%)**

Access revenue of €88 million for the three months to March 2023 decreased by 14% or €13 million year on year.

Retail access revenue declined by 10%, primarily due to declines in PSTN and ISDN lines. Retail access lines of 565,000 declined by 1% year on year.

Wholesale access revenue declined by 15%, primarily due to a decline in wholesale access lines. Wholesale access lines of 303,000 declined by 16% year on year.

Broadband revenue declined by 18%. The Group broadband base of 946,000 as the end of March 2023 decreased by 2% or 15,000 customers year on year. Retail broadband customers of 447,000 increased by 2%, while the wholesale broadband base of 499,000 declined by 5%

eir are committed to growing its broadband reach and have invested in a multi-year programme to rollout Fibre to the Home (FTTH) to 1.9 million premises giving customers reliable and uncongested speeds of up to 1000mbs. 1,032,000 premises are passed at the end of March 2023 with FTTH, up 23% or 23,000 year on year. The Group fibre base increased by 14,000 customers or 2% year on year to 845,000 at the end of March 2023, with FTTH connections driving growth.

Voice Traffic

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

	For the three months ended		
	31 Mar 2022 (unaudited)	**31 Mar 2023 (unaudited)**	**% Change**
	€m	**€m**	
Voice traffic revenue			
Retail	36	41	14%
Wholesale (including Foreign Inpayments)	6	5	(10%)
Total voice traffic revenue	**42**	**46**	**10%**
Voice traffic minutes (in millions of minutes, except percentages)			
Retail	183	150	(18%)
Wholesale (including Foreign Traffic Minutes)	653	516	(21%)
Total voice traffic minutes	**836**	**666**	**(20%)**

Group voice traffic revenue for the three months to March 2023 increased by 10% or €4 million year on year. Retail voice traffic revenue increased by 14%, notwithstanding an 18% decline in retail traffic minutes, wholesale voice traffic revenue decreased by 10% and minutes decreased by 21% year on year.

Data communications

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

	For the three months ended		
	31 Mar 2022 (unaudited)	**31 Mar 2023 (unaudited)**	**% Change**
	€m	**€m**	
Data communications revenue			
Leased lines	16	16	-
Switched data services	2	2	-
Next generation data services	10	12	12%
Total data communications revenue	**28**	**30**	**8%**

Data communications revenue for the three months to March 2023 increased by 8% or €2 million year on year mainly due to a 12% increase in Next generation data services revenue with legacy switched data services revenue and leased lines revenue both stable for the period.

Subsidiaries and Other

Other products and services revenue includes our 56% share of revenue from Tetra, eir sports, our operations in UK/NI, operator services, managed services, data centres and other revenue.

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

	For the three months ended		
	31 Mar 2022 (unaudited)	31 Mar 2023 (unaudited)	% Change
	€ m	€ m	
Subsidiaries and Other			
Evros	27	32	21%
eir UK	3	3	(7%)
Tetra	5	-	(100%)
Managed services and solutions	11	14	25%
National Broadband Access	6	7	19%
TV and content	4	3	(7%)
Data centre	2	2	7%
Other revenue	6	7	7%
Subsidiaries and Other Revenue	**64**	**68**	**7%**

Other products and services revenue for the three months to March 2023 increased by 7% or €4 million year on year. The increase was driven by a €5 million increase in Evros revenue mainly due to the large one off sales in March 2023. This was offset by a €5 million decrease in Tetra revenue as a result of the sale of eir shareholding in Tetra in March 2022. eir UK revenues remained stable at €3 million year on year while TV and content decreased by €1 million. In contrast, access rental revenues in supply to the National Broadband Plan (NBP) increased by €1 million or 19% year on year as demand continues to grow. Managed Services and Solutions also increased by €3 million or 25% year on year.

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Mobile services revenue

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

	For the three months ended		
	31 Mar 2022 (unaudited)	31 Mar 2023 (unaudited)	% Change
	€m	€m	
Mobile revenue			
Prepay handset	16	16	(1%)
Postpay handset (incl. M2M)	43	47	10%
Mobile broadband	3	3	32%
Roaming	2	2	-
Other	11	14	24%
Total mobile revenue	**75**	**82**	**10%**
Mobile subscribers			
Prepay handset customers	325	328	1%
Postpay handset customers (incl. M2M)	860	951	10%
Mobile broadband customers	49	60	24%
Of which are prepay customers	*2*	*1*	*(26%)*
Of which are postpay customers	*47*	*59*	*26%*
Total mobile subscribers	**1,234**	**1,339**	**9%**

Total mobile revenue for the three months to 31 March 2023 of €82 million increased by 10% or €7 million year on year.

Prepay handset revenue remained stable year on year, despite an increase in prepay handset customers of 3,000, which was offset by traffic decline and mix.

Postpay handset revenue increased by 10% or €4 million year on year, primarily driven by an increase in postpay handset (including M2M) subscribers of 10% or 91,000 year on year. GoMo, the Group’s SIM only postpay offering, has been the principal driver of the changing subscriber base mix.

Mobile broadband revenue increased by 32%, driven by growth in the mobile broadband base of 24% or 11,000 subscribers. Roaming revenue remained stable at €2 million year on year, while other mobile revenue increased by 24% or €3 million.

There were a total of 1,339,000 mobile subscribers as at quarter end, an increase of 9% year on year. The mix of customers continues to improve, with the proportion of postpay customers (including mobile broadband and M2M) of 75% increasing by 1 percentage point year on year, representing an increase of 102,000 net additional postpay subscribers (including mobile broadband and M2M subscribers).

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Operating costs before amortisation, depreciation and exceptional items

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

	For the three months ended		
	31 Mar 2022 (unaudited)	31 Mar 2023 (unaudited)	% Change
	€m	€m	
Cost of sales			
Foreign outpayments	2	2	(12%)
Interconnect	7	8	9%
Equipment cost of sales	12	14	22%
Subsidiaries (eir Evo, EUK & Tetra)	18	23	26%
Other including TV,NBP, ICT & managed services	19	24	25%
Total cost of sales	**58**	**71**	**22%**
Pay costs			
Wages and salaries and other staff costs	50	49	(2%)
Social welfare costs	4	4	3%
Pension cash costs—defined contribution plans	1	1	8%
Pension cash costs—defined benefit plans	3	2	(33%)
Pay costs before non-cash pension charge and capitalisation	**58**	**56**	**(4%)**
Capitalised labour	(11)	(10)	(3%)
Total pay costs before non-cash pension charge	**47**	**46**	**(4%)**
Non pay costs			
Materials and services	4	3	(12%)
Other network costs	5	3	(25%)
Accommodation	14	19	28%
Sales and marketing	2	3	84%
Provision for credit losses	2	2	51%
Transport and travel	2	3	23%
Customer services	2	2	2%
Insurance and compensation	1	1	(10%)
Professional and regulatory fees	1	2	49%
IT costs	4	4	4%
Other non-pay costs	1	1	0%
Total non-pay costs	**38**	**43**	**15%**
Operating costs before non-cash pension charge, non-cash fair value lease credits, management charge, amortisation, depreciation of PPE, and exceptional items	**143**	**160**	**12%**
Non cash pension charge/(credit)	(2)	(1)	(50%)
Non cash fair value lease credits	0	0	N.M
Management charge	2	2	0%
Operating costs before amortisation, depreciation of PPE, and exceptional items	**143**	**161**	**3%**

Total operating costs before non-cash pension charge, amortisation, depreciation of PPE, and exceptional items of €160 million for the three months to March 2023 increased by 12% or €17 million year on year.

Cost of Sales

Cost of sales for the three months to March 2023 of €71 million increased by 22% or €13 million year on year.

- Foreign outpayments remained stable year on year
- Equipment costs of sales increased by 22% for the period year on year driven by timing of investment.
- Subsidiaries increased by 26% driven by Evros costs relating to large one off sales
- Other cost of sales increased by 25%, driven mainly by direct handset purchasing and increased NBI costs.

Pay costs

Total pay costs before non-cash pension charge of €56 million for the three months to March 2023 decreased by 4% or €2 million year on year. The decrease is primarily due to reduction in headcount year on year. FTE headcount was 3,469 at quarter end, representing a net decrease 15 FTE year on year.

Total non-pay costs

Total non-pay costs of €43 million for the three months to March 2023 increased by 15% or €5 million year on year.

- Sales and marketing increased by €1 million due to the commercial decision to drive revenue from marketing investment.
- Transport and travel increased by €1 million due to increased fuel and lease costs in the current year
- Accommodation costs increased by 28% or €5 million, due to an increase in rent and facility costs.
- Other network costs decreased by €2 million or 25% driven by decreased mobile site maintenance costs.

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

Non-cash pension charge/ (credit)

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

Non-cash lease fair value credits

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

Amortisation

Amortisation charges for the three-month period ended 31 March 2023 were €11 million, which is €1 million higher than the €10 million charge for the corresponding three-month period ended 31 March 2022. The increase is due to higher amortisation on computer software.

Depreciation of property, plant and equipment

The depreciation charge on property, plant and equipment for the three-month period ended 31 March 2023 was €60 million, which is €1 million lower than the charge for the corresponding three-month period ended 31 March 2022 of €61 million (including our share of Tetra). The €1 million decrease in depreciation is due to the disposal of our majority stake in Tetra.

Depreciation of right of use assets

The depreciation charge on right of use assets for the three-month period ended 31 March 2023 was €13 million, which is €1 million higher than the charge for the corresponding three-month period ended 31 March 2022 of €12 million. The increase is due to higher depreciation on leased property.

Exceptional costs

The exceptional charge of €4 million in the three-month period ended 31 March 2023 is in respect of restructuring programme costs.

The exceptional charge in the three-month period ended 31 March 2022 of €7 million includes €1 million for restructuring programme costs, €2 million for strategic review costs, €3 million for group re-organisation costs and €1 million for other costs in relation to legal matters.

Finance costs (net)

The group's net finance costs for the three-month period ended 31 March 2023 were €27 million compared to €25 million for the corresponding three-month period ended 31 March 2022. The increase is mainly due to interest costs of €8 million on the Fibre Network Ireland Facility B borrowings due 2029 and higher interest costs of €6 million on the Facility B borrowings due 2026 offset by lower interest costs on net pension liability of €7 million and discount on redemption of Senior Secured Notes of €3 million (debt purchased below par).

Taxation

The tax charge for the three-month period ended 31 March 2023 was €6 million, compared to the corresponding three-month period ended 31 March 2022 of €9 million. The €3 million decrease is due to lower non-deductible expenses in the period.

In the three-month period ended 31 March 2022, the income not subject to taxation of €9 million is in relation to the exceptional gain on the sale of the majority stake in Tetra.

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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.

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 re-grouped and re-stated where necessary on the same basis as those for the current financial quarter.

2. Fixed ARPU Calculations:
   A. We define "Blended consumer fixed 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:
   A. 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.
   B. We define "Postpay ARPU" as the measure of the sum of the total postpay mobile subscriber revenue including revenue from incoming traffic and handset recovery in a period divided by the average number of postpay mobile subscribers in the period divided by the number of months in the period.
   C. 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.