# eircom Holdings (Ireland) Limited

## Unaudited results report
## for the nine months to September 2022

15 November 2022

# eircom Holdings (Ireland) Limited

## Unaudited results for the nine months to September 2022

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# eircom Holdings (Ireland) Limited

## Trading highlights for the nine months to September 2022[1]

- Revenue of €900 million for the nine months to September 2022 decreased by 1% or €9 million year on year. Growth in postpay mobile and bundling, as well as an increase in NBP access revenue and the consolidation of Evros revenue, was offset by a reduction in revenues due to the sale of Tetra as well as revenue reductions in traditional access, TV & content, UK, and prepay mobile revenues.
- Group adjusted EBITDA[2] of €474 million decreased by 5% or €23 million year on year; €14 million relating to gross margin, in part driven by a €10 million increase in Mobile cost of acquisition and retention investment; €8 million relating to pay and non pay costs, driven mainly by consolidation of Evros pay costs since March 2021.
- Fixed line revenue of €698 million decreased by €1 million year on year, driven by decisions to exit from joint venture arrangement, Tetra and sport content as well as traditional voice access declines and broadband revenue declines due to promotional activity to drive growth in the base. Revenue declines were 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 957,000, a decline of 1% or 10,000 customers year on year driven by a retail customer base decrease of 1% or 4,000 but returned to growth in the quarter, increasing by 2,000 customers. There were 840,000 customers availing of fibre based high speed broadband services, an increase of 2% or 17,000 year on year.
- Group fixed access paths decreased by 3% or 42,000 year on year, with a reduction in fixed line access net losses of 64,000[4]. Standalone broadband (SABB) lines increased by 22,000 year on year.
- Mobile revenue of €230 million decreased by 2% or €5 million year on year driven by decrease in build to suit project revenue (timing related), partly offset by growth in service revenue from a 10% increase in the postpay base.
- Total mobile customers at quarter end were 1,295,000[5], including 960,000 postpay customers and 334,000 prepay customers. The postpay customer base increased by 10% or 91,000 year on year, bringing the number of customers on postpay contracts to 74%, an increase of 2 percentage points year on year. The prepay base reduced by 2,000 customers year on year, primarily driven by migration of customers to postpay contracts.
- Group operating costs[6] of €426 million increased by 3% or €13 million year on year, primarily due to the consolidation of Evros operational costs and timing of investment in Mobile cost of acquisition and retention, and increase accommodation costs as the company increases its mobile sites footprint.
- Full Time Equivalent (FTE) staff totalled 3,487 at quarter end, up 4% year on year.
- Cash on hand of €659 million at quarter end.

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[1] The figures presented above include amounts relating to the Groups 56% share in Tetra Ireland Communication Limited ("Tetra"). Following the adoption of IFRS 11, Joint Arrangements, Tetra is reported in the financial statements under the equity method as opposed to proportionate consolidation. The management discussion and analysis section of this quarterly report presents results on a management accounting basis and therefore includes the results of the Group's joint ventures on a proportionate basis, reflected in Group revenue, operating costs and EBITDA.
[2] Adjusted EBITDA is earnings before interest, taxation, amortisation, depreciation, non-cash lease fair value credits, non-cash pension charge, management charge, profit on disposal of Property, Plant and Equipment and exceptional items.
[3] Combined retail and wholesale excluding LLU and line share, including SABB.
[4] Combined retail and wholesale access line losses including LLU.
[5] Mobile base is a combination of handset subscriptions, machine to machine and mobile broadband subscriptions.
[6] Operating costs are 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 30 September 2022 (unaudited)

| | As at and for the nine months ended | | |
|---|---|---|---|
| | **30 Sep 2021 (unaudited)** | **30 Sep 2022 (unaudited)** | **% Change N1** |
| **Group Access Paths ('000)** | | | |
| Retail Access Lines | 581 | 563 | (3%) |
| Retail SABB* | 24 | 19 | (22%) |
| Wholesale Access Lines | 384 | 339 | (12%) |
| Wholesale SABB[7] | 268 | 295 | 10% |
| Wholesale LLU[8] | 2 | 1 | (14%) |
| **Total Group Access Paths** | **1,259** | **1,217** | **(3%)** |
| Retail Voice Traffic (millions of minutes) | 690 | 472 | (32%) |
| **Broadband Line Base ('000)** | | | |
| Retail Broadband Lines | 442 | 438 | (1%) |
| Wholesale Broadband Lines | 525 | 519 | (1%) |
| **Total Broadband Lines** | **967** | **957** | **(1%)** |
| - *of which fibre broadband lines* | *823* | *840* | *2%* |
| **Mobile Customer Base ('000)** | | | |
| Prepay Handset Customers | 335 | 334 | (0%) |
| Prepay MBB Customers | 2 | 1 | (33%) |
| **Total Prepay Customers** | **337** | **335** | **(0%)** |
| Postpay Handsets (including M2M) | 827 | 906 | 10% |
| Postpay MBB | 43 | 54 | 21% |
| **Total Postpay Customers** | **869** | **960** | **10%** |
| **Total Mobile Customers** | **1,206** | **1,295** | **7%** |
| **ARPUs (€) N2 & N3** | | | |
| Consumer Blended ARPU | 48.7 | 49.0 | 1% |
| WLR PSTN ARPU | 16.7 | 16.7 | 0% |
| Bitstream ARPU (including SABB) | 16.7 | 17.2 | 3% |
| Prepay ARPU (including MBB) | 15.8 | 15.8 | 0% |
| Postpay ARPU (including MBB/M2M) | 17.2 | 16.4 | (4%) |
| **Closing FTE Headcount** | **3,352** | **3,487** | **(4)%** |

[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 30 September 2022. In addition, the fair values of the assets and liabilities acquired on the acquisition of the Evros Technology Group have not been determined in accordance with IFRS 3, "Business Combinations" and the values included in the financial information for the Evros Technology Group are provisional for the period ended 30 September 2022.

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

The financial information, as at and for the period ended 30 September 2022, 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 30 September 2021 | | | In the quarter ended 30 September 2022 | | |
|---|---|---|---|---|---|---|
| | **Reported €m** | **Adjusted €m** | **Statutory €m** | **Reported €m** | **Adjusted €m** | **Statutory €m** |
| Revenue | 299 | (4) | 295 | **306** | **(3)** | **303** |
| Operating costs excluding management charge and non-cash pension charge | (146) | 1 | (145) | **(144)** | **3** | **(141)** |
| **Adjusted EBITDA[10]** | 153 | (3) | 150 | **162** | **-** | **162** |
| **Closing Cash** | 192 | (6) | 186 | **659** | **-** | **659** |

| | In the nine months ended 30 September 2021 | | | In the nine months ended 30 September 2022 | | |
|---|---|---|---|---|---|---|
| | **Reported €m** | **Adjusted €m** | **Statutory €m** | **Reported €m** | **Adjusted €m** | **Statutory €m** |
| Revenue | 909 | (12) | 897 | **900** | **(4)** | **896** |
| Operating costs excluding management charge and non-cash pension charge | (412) | 4 | (408) | **(426)** | **2** | **(424)** |
| **Adjusted EBITDA[11]** | 497 | (8) | 489 | **474** | **(2)** | **472** |
| **Closing Cash** | 192 | (6) | 186 | **659** | **-** | **659** |

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

# eircom Holdings (Ireland) Limited

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

| | Third quarter ended Sept21 €m | Third quarter ended Sept22 €m | Nine months ended Sept21 €m | Nine months ended Sept22 €m |
|---|---|---|---|---|
| **Operating profit/(loss)** | 57 | **(77)** | 154 | **116** |
| Profit on disposal of property, plant and equipment | (2) | **-** | (2) | **-** |
| Profit on disposal of right of use assets | - | **-** | (5) | **-** |
| Exceptional gain on exit from subsidiary/joint venture | - | **-** | 12 | **(68)** |
| Exceptional items | 10 | **149** | 61 | **165** |
| Management charge | 2 | **2** | 5 | **5** |
| Non-cash pension charge | 3 | **3** | 4 | **3** |
| **Operating profit before non-cash pension charges, management charge and exceptional items** | 70 | **77** | 229 | **221** |
| Depreciation of right of use assets | 12 | **13** | 36 | **37** |
| Depreciation of property, plant and equipment | 60 | **61** | 198 | **184** |
| Amortisation | 8 | **12** | 27 | **31** |
| **EBITDA before non-cash pension charges, management charge and exceptional items** | 150 | **163** | 490 | **473** |
| IFRS 3 unfavourable lease fair value adjustment | - | **(1)** | (1) | **(1)** |
| **Adjusted EBITDA before non-cash lease fair value credits, non-cash pension charges, management charge and exceptional items** | 150 | **162** | 489 | **472** |
| EBITDA of joint ventures using proportionate consolidation | 3 | **-** | 8 | **2** |
| **Reported EBITDA* before non-cash lease fair value credits, non-cash pension charges, management charge and exceptional items** | 153 | **162** | 497 | **474** |

| | | | | |
|---|---|---|---|---|
| **Reported EBITDA* before non-cash lease fair value credits, non-cash pension charges, management charge and exceptional items is split as follows:** | | | | |
| Fixed line | 122 | **128** | 385 | **375** |
| Mobile | 31 | **34** | 111 | **99** |
| Inter-segment | - | **-** | 1 | **-** |
| | 153 | **162** | 497 | **474** |

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

# eircom Holdings (Ireland) Limited

## *Consolidated Income Statement – unaudited*
## *For the third quarter ended 30 September 2022*

| | 30 Sept 2021 | 30 Sept 2022 |
|---|---|---|
| | **€m** | **€m** |
| Revenue | 295 | **303** |
| Operating costs excluding amortisation, depreciation and exceptional items | (150) | **(145)** |
| Amortisation | (8) | **(12)** |
| Depreciation of property, plant and equipment | (60) | **(61)** |
| Depreciation of right of use assets | (12) | **(13)** |
| Exceptional items | (10) | **(149)** |
| Profit on disposal of right of use assets | 2 | - |
| **Operating profit/(loss)** | 57 | **(77)** |
| Finance costs – net | (25) | **(22)** |
| Share of profit of joint venture | 2 | - |
| **Profit/(loss) before tax** | 34 | **(99)** |
| Income tax charge | (7) | **(14)** |
| **Profit/(loss) for the period** | 27 | **(113)** |
| **Attributable to:** | | |
| Equity holders of the parent | 27 | (32) |
| Non-controlling interests | - | (81) |
| | 27 | **(113)** |

# eircom Holdings (Ireland) Limited

## *Consolidated Income Statement – unaudited*
## *For the nine-month period ended 30 September 2022*

| | Notes | 30 Sept 2021 | 30 Sept 2022 |
|---|---|---|---|
| | | **€m** | **€m** |
| Revenue | 3 | 897 | **896** |
| Operating costs excluding amortisation, depreciation and exceptional items | | (416) | **(431)** |
| Amortisation | 3 | (27) | **(31)** |
| Depreciation of property, plant and equipment | 3 | (198) | **(184)** |
| Depreciation of right of use assets | 3 | (36) | **(37)** |
| Exceptional items | 3, 4 | (61) | **(165)** |
| Exceptional gain on exit from subsidiary/joint venture | 3, 5 | (12) | **68** |
| Profit on disposal of property, plant and equipment | | 2 | **-** |
| Profit on disposal of right of use assets | | 5 | **-** |
| **Operating profit** | 3 | 154 | **116** |
| Finance costs – net | 6 | (74) | **(72)** |
| Share of profit of joint venture | | 5 | **1** |
| **Profit before tax** | | 85 | **45** |
| Income tax charge | 7 | (15) | **(26)** |
| **Profit for the period** | | 70 | **19** |
| **Attributable to:** | | | |
| Equity holders of the parent | | 70 | 100 |
| Non-controlling interests | | - | (81) |
| | | 70 | **19** |

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 nine-month period ended 30 September 2022*

| | 30 Sept 2021 | 30 Sept 2022 |
|---|---|---|
| | **€m** | **€m** |
| **Profit for the financial period** | 70 | **19** |
| **Other comprehensive (expense)/income:** | | |
| *Items that will not be reclassified to profit or loss* | | |
| Defined benefit pension scheme remeasurement (losses)/gain: | | |
| - Remeasurement (loss)/gain in period | (58) | **357** |
| - Tax on defined benefit pension scheme remeasurement losses/(gain) | 7 | **(44)** |
| | (51) | **313** |
| *Items that may be reclassified subsequently to profit or loss* | | |
| Net changes in cash flow hedge reserve: | | |
| - Fair value loss in period | - | **(17)** |
| - Tax on cash flow hedge movements | - | **2** |
| Currency translation differences | - | **(2)** |
| | - | **(17)** |
| Other comprehensive (expense)/income, net of tax | (51) | **296** |
| **Total comprehensive income for the financial period** | 19 | **315** |
| **Attributable to:** | | |
| Equity holders of the parent | 19 | 403 |
| Non-controlling interests | - | (88) |
| | 19 | **315** |

# eircom Holdings (Ireland) Limited

## *Consolidated Balance Sheet – unaudited*
## *As at 30 September 2022*

| | Notes | 31 Dec 2021 | 30 Sept 2022 |
|---|---|---|---|
| | | €m | €m |
| **Assets** | | | |
| **Non-current assets** | | | |
| Goodwill | | 235 | **235** |
| Other intangible assets | | 199 | **199** |
| Property, plant and equipment | | 1,300 | **1,289** |
| Right of use assets | | 388 | **368** |
| Retirement benefit asset | 11 | 349 | **706** |
| Deferred tax assets | | 2 | **5** |
| Other assets | | 14 | **13** |
| | | 2,487 | **2,815** |
| **Current assets** | | | |
| Inventories | | 22 | **30** |
| Trade and other receivables | 8 | 187 | **214** |
| Contract assets | | 31 | **24** |
| Restricted cash | | 1 | **56** |
| Cash and cash equivalents | | 287 | **659** |
| | | 528 | **983** |
| Assets held for sale | | 7 | **-** |
| | | 535 | **983** |
| **Total assets** | | 3,022 | **3,798** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Borrowings | 9 | 2,537 | **3,192** |
| Derivative financial instruments | | - | **15** |
| Lease liabilities | 10 | 575 | **549** |
| Trade and other payables | | 39 | **30** |
| Deferred tax liabilities | | 71 | **121** |
| Provisions for other liabilities and charges | 12 | 97 | **100** |
| | | 3,319 | **4,007** |
| **Current liabilities** | | | |
| Derivative financial instruments | | - | **2** |
| Lease liabilities | 10 | 52 | **60** |
| Trade and other payables | | 501 | **449** |
| Current tax liabilities | | 10 | **5** |
| Provisions for other liabilities and charges | 12 | 34 | **30** |
| | | 597 | **546** |
| **Total liabilities** | | 3,916 | **4,553** |
| **Equity** | | | |
| Equity share capital | | - | **-** |
| Capital contribution | | 62 | **62** |
| Cash flow hedging reserve | | - | **(8)** |
| Retained loss | | (956) | **(1,345)** |
| **Equity attributable to equity holders of the parent** | | (894) | **(1,291)** |
| Non-controlling interests | | - | **536** |
| **Total equity** | | (894) | **(755)** |
| **Total liabilities and equity** | | 3,022 | **3,798** |

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

# eircom Holdings (Ireland) Limited

## *Consolidated cash flow statement – unaudited*
## *For the third quarter ended 30 September 2022*

| | 30 Sept 2021 | 30 Sept 2022 |
|---|---|---|
| | **€m** | **€m** |
| **Cash flows from operating activities** | | |
| Cash generated from/(used in) operations | 57 | **(41)** |
| Interest paid | (16) | **(20)** |
| Income tax paid | (1) | **(1)** |
| Net cash generated from operating activities | 40 | **(62)** |
| **Cash flows from investing activities** | | |
| Purchase of property, plant and equipment (PPE) | (61) | **(79)** |
| Purchase of intangible assets | (7) | **(14)** |
| Proceeds from sale of PPE assets | 2 | **-** |
| Net cash used in investing activities | (66) | **(93)** |
| **Cash flows from financing activities** | | |
| Dividends paid to equity shareholder | - | **(500)** |
| Payment of principal on lease liabilities | (7) | **(8)** |
| Proceeds from disposal of subsidiary interest to non-controlling interest | - | **624** |
| Proceeds from loan borrowings | - | **765** |
| Repayment on Facility B borrowings | - | **(18)** |
| Repayment of 3.5% Senior Secured Notes | - | **(60)** |
| Repayment of 1.75% Senior Secured Notes | - | **(1)** |
| Repayment of 2.625% Senior Secured Notes | - | **(8)** |
| Debt related fees paid in respect of new loan borrowings | - | **(17)** |
| Net cash (used in)/ generated from financing activities | (7) | **777** |
| **Net (decrease)/increase in cash, cash equivalents and bank overdrafts** | (33) | **622** |
| Cash, cash equivalents and bank overdrafts at beginning of period | 219 | **37** |
| **Cash, cash equivalents and bank overdrafts at end of period** | 186 | **659** |

# eircom Holdings (Ireland) Limited

## *Consolidated cash flow statement – unaudited*
## *For the nine-month period ended 30 September 2022*

| | Notes | 30 Sept 2021 | 30 Sept 2022 |
|---|---|---|---|
| | | €m | €m |
| **Cash flows from operating activities** | | | |
| Cash generated from operations | 13 | 397 | **215** |
| Interest paid | | (67) | **(71)** |
| Income tax paid | | (22) | **(25)** |
| Net cash generated from operating activities | | 308 | **119** |
| **Cash flows from investing activities** | | | |
| Disposal of subsidiary/joint venture | | (2) | **76** |
| Acquisition of subsidiary undertaking, net of cash acquired | | (50) | **-** |
| Purchase of property, plant and equipment (PPE) | | (160) | **(180)** |
| Purchase of intangible assets | | (27) | **(39)** |
| Proceeds from sale of PPE assets | | 3 | **-** |
| Proceeds from sale of ROU assets | | 4 | **-** |
| Dividend received from joint arrangement | | 3 | **-** |
| Restricted cash | | - | **(55)** |
| Net cash used in investing activities | | (229) | **(198)** |
| **Cash flows from financing activities** | | | |
| Dividends paid to equity shareholder | | - | **(800)** |
| Payment of principal on lease liabilities | | (27) | **(34)** |
| Proceeds from disposal of subsidiary interest to non-controlling interest | | - | **624** |
| Proceeds from loan borrowings | | - | **765** |
| Repayment on Facility B borrowings | | - | **(18)** |
| Repayment of 3.5% Senior Secured Notes | | - | **(60)** |
| Repayment of 1.75% Senior Secured Notes | | - | **(1)** |
| Repayment of 2.625% Senior Secured Notes | | - | **(8)** |
| Debt related fees paid in respect of new loan borrowings | | - | **(17)** |
| Net cash (used in)/ generated from financing activities | | (27) | **451** |
| **Net increase in cash, cash equivalents and bank overdrafts** | | 52 | **372** |
| Cash, cash equivalents and bank overdrafts at beginning of period | | 134 | **287** |
| **Cash, cash equivalents and bank overdrafts at end of period** | | 186 | **659** |

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

# eircom Holdings (Ireland) Limited

## *Consolidated statement of changes in shareholders' equity – unaudited*
## *For the nine-month period ended 30 September 2022*

| | 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 2020** | **-** | **62** | **-** | **(1,200)** | **-** | **(1,138)** |
| Profit for the nine month period | - | - | - | 70 | - | **70** |
| Defined benefit pension scheme remeasurement loss | - | - | - | (58) | - | **(58)** |
| Tax on defined benefit pension scheme remeasurement loss | - | - | - | 7 | - | **7** |
| **Total comprehensive income** | **-** | **-** | **-** | **19** | **-** | **19** |
| **Balance at 30 September 2021** | **-** | **62** | **-** | **(1,181)** | **-** | **(1,119)** |
| | | | | | | |
| **Balance at 31 December 2021** | **-** | **62** | **-** | **(956)** | **-** | **(894)** |
| Profit/(loss) for the nine month period | - | - | - | 100 | (81) | **19** |
| Defined benefit pension scheme remeasurement gain | - | - | - | 357 | - | **357** |
| Tax on defined benefit pension scheme remeasurement gain | - | - | - | (44) | - | **(44)** |
| Cash flow hedge fair value loss in period | - | - | (9) | - | (8) | **(17)** |
| Tax on cash flow hedge movements | - | - | 1 | - | 1 | **2** |
| Currency translation differences | - | - | - | (2) | - | **(2)** |
| **Total comprehensive (expense)/income** | **-** | **-** | **(8)** | **411** | **(88)** | **315** |
| Non-controlling interests arising on a business combination | **-** | **-** | **-** | **-** | **624** | **624** |
| Dividends relating to equity shareholder | **-** | **-** | **-** | **(800)** | **-** | **(800)** |
| **Balance at 30 September 2022** | **-** | **62** | **(8)** | **(1,345)** | **536** | **(755)** |

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 15 November 2022.

**2. Basis of preparation**

This financial information has been prepared to make available certain unaudited condensed consolidated financial information to the holders of the group's Senior Secured Notes. Accordingly, the group has not prepared this financial information in accordance with IAS 34 – "Interim Financial Information" and has not carried out an impairment review of the carrying value of goodwill and other non-current assets as at 30 September 2022.

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

The financial information, as at and for the period ended 30 September 2022, in respect of the group has been prepared using the same accounting policies as applied for the eighteen-month 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 eighteen-month period ended 31 December 2021.

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

The segment results for the nine-month period ended 30 September 2022 are as follows:

| | **Fixed line €m** | **Mobile €m** | **Inter-segment €m** | **Reported* €m** | **Adjusted €m** | **Statutory* €m** |
|---|---|---|---|---|---|---|
| **Revenue** | 698 | 230 | (28) | **900** | (4) | **896** |
| **EBITDA **** | 375 | 99 | - | **474** | (2) | **472** |
| Non-cash lease fair value credits | 1 | - | - | **1** | - | **1** |
| Non-cash pension charges | (3) | - | - | **(3)** | - | **(3)** |
| Management charge | (5) | - | - | **(5)** | - | **(5)** |
| Amortisation | (17) | (14) | - | **(31)** | - | **(31)** |
| Depreciation of PPE | (162) | (23) | - | **(185)** | 1 | **(184)** |
| Depreciation of right of use assets | (13) | (24) | - | **(37)** | - | **(37)** |
| Exceptional items | (161) | (4) | - | **(165)** | - | **(165)** |
| Exceptional gain on exit from joint venture | 68 | - | - | **68** | - | **68** |
| **Operating profit** | **83** | **34** | **-** | **117** | **(1)** | **116** |

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

| | **Fixed line €m** | **Mobile €m** | **Inter-segment €m** | **Reported* €m** | **Adjusted €m** | **Statutory* €m** |
|---|---|---|---|---|---|---|
| **Revenue** | 699 | 235 | (25) | **909** | (12) | **897** |
| **EBITDA **** | 385 | 111 | 1 | **497** | (8) | **489** |
| Non-cash lease fair value credits | 1 | - | - | **1** | - | **1** |
| Non-cash pension charges | (4) | - | - | **(4)** | - | **(4)** |
| Management charge | (5) | - | - | **(5)** | - | **(5)** |
| Amortisation | (13) | (14) | - | **(27)** | - | **(27)** |
| Depreciation of PPE | (181) | (18) | - | **(199)** | 1 | **(198)** |
| Depreciation of right of use assets | (14) | (21) | (1) | **(36)** | - | **(36)** |
| Exceptional items | (43) | (18) | - | **(61)** | - | **(61)** |
| Exceptional gain on exit from subsidiary | - | (12) | - | **(12)** | - | **(12)** |
| Profit on disposal of PPE | 2 | - | - | **2** | - | **2** |
| Profit on disposal of right of use assets | - | 5 | - | **5** | - | **5** |
| **Operating profit** | 128 | 33 | - | **161** | (7) | **154** |

* 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 Sept 2021<br>€m | 30 Sept 2022<br>€m |
|---|---|---|
| Restructuring programme costs | 27 | **12** |
| Covid-19 related costs | 3 | **1** |
| Strategic review and other related costs | 2 | **144** |
| Group re-organisation costs | 4 | **3** |
| Impairment of leased assets | 18 | **-** |
| Other exceptional items | 7 | **5** |
| | 61 | **165** |

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 €12 million (30 Sept 2021: €27 million) for restructuring programme costs in respect of staff that had committed to exiting the business in the period ended 30 September 2022.

No provision has been included in respect of future staff exits not committed at 30 September 2022, and any further costs will be charged to the income statement and impact cash flows in future periods.

***Covid-19 related costs***
The group included an additional charge of €1 million (30 Sept 2021: €3 million) for the cost impact of the Covid-19 pandemic, mainly due to staff costs and the purchase of Personal Protective Equipment (PPE), in the period ended 30 September 2022.

***Strategic review and other related costs***
The group recognised an exceptional charge of €144 million for strategic related costs; which is mainly stamp duty of €138 million that was paid to the Irish Revenue (tax authority) following the sale of the fibre business and assets to the group's joint venture with InfraVia, Fibre Network Ireland Limited. The group also incurred various other costs in relation to the corporate group structure in the period ended 30 September 2022.

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

***Group re-organisation costs***
The group included an exceptional charge of €3 million (30 Sept 2021: €4 million) for re-organisation costs in the period ended 30 September 2022.

***Impairment of leased assets***
The group recognised an impairment on leased assets of €18 million during the period ended 30 September 2021.

***Other exceptional items***
During the period ended 30 September 2022, the group recognised an exceptional charge of €5 million (30 Sept 2021: €7 million) for in respect of legal and other related matters.

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

## 5. Exceptional gain on exit from subsidiary/joint venture

| | 30 Sept 2021 €m | 30 Sept 2022 €m |
|---|---|---|
| Disposal consideration | - | **76** |
| Net assets disposed | - | **(8)** |
| Other liabilities relating to the exit of Emerald Tower Limited | (12) | **-** |
| | (12) | **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

| | 30 Sept 2021 €m | 30 Sept 2022 €m |
|---|---|---|
| (a) Finance costs: | | |
| Interest payable on bank loans and other debts | 57 | **63** |
| Net interest cost on net pension liability | (6) | **(3)** |
| Amortisation of debt issue costs and debt fees | 2 | **3** |
| Interest on lease liabilities | 19 | **19** |
| Unwinding of discount | 1 | **-** |
| Other | 1 | **(1)** |
| | 74 | **81** |
| (b) Finance income: | | |
| Interest income | - | **-** |
| Discount on redemption of Senior Secured Notes | - | **(8)** |
| Gain on extinguishment of debt | - | **(1)** |
| | - | **(9)** |
| **Finance costs – net** | 74 | **72** |

During the period ended 30 September 2022, the group used its existing cash to repurchase €66 million of 3.5% Senior Secured Notes, €1 million of 1.75% Senior Secured Notes and €10 million of 2.625% Senior Secured Notes. The Notes were purchased below par and a discount on redemption of €8 million was included in the income statement.

The group also repurchased €19 million of Facility B borrowings below par and this was accounted for as an extinguishment under IFRS 9 resulting in an accounting gain of €1 million in the income statement.

Also, during the period, Fibre Network Ireland Limited entered into new Facility B borrowings of €765 million under a new Senior Facilities Agreement, with a maturity date of 30 June 2029. The new Senior Facilities Agreement also included a Facility C commitment of €200 million and a revolving credit facility of €35 million, both of which were undrawn at 30 September 2022.

# eircom Holdings (Ireland) Limited

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

### 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: -

| | 30 Sept 2021 €m | 30 Sept 2022 €m |
|---|---|---|
| **Profit before tax** | 85 | **45** |
| Tax calculated at Irish standard tax rate of 12.5% | 10 | **6** |
| ***Effects of:-*** | | |
| Non-deductible expenses | 5 | **24** |
| Income taxable at higher rate | 1 | **1** |
| Income not subject to taxation | (1) | **(9)** |
| Utilisation/creation of losses | - | **5** |
| Adjustments in respect of prior periods | - | **(1)** |
| **Tax charge for the period** | 15 | **26** |

### 8. Trade and other receivables

During the period ended 30 September 2022, the group recognised a provision for impaired receivables of €5 million (30 Sept 2021: €2 million) and utilised provisions for impaired receivables of €2 million (30 Sept 2021: €3 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 September 2022** | | | | | |
| Bank borrowings (Facility B) | **-** | **-** | **1,081** | **-** | **1,081** |
| Debt fees | **-** | **-** | **(5)** | **-** | **(5)** |
| | **-** | **-** | **1,076** | **-** | **1,076** |
| Bank borrowings (FNI Facility B) | **-** | **-** | **-** | **765** | **765** |
| Debt fees | **-** | **-** | **-** | **(17)** | **(17)** |
| | **-** | **-** | **-** | **748** | **748** |
| 3.5% Senior Secured Notes due 2026 | **-** | **-** | **684** | **-** | **684** |
| 1.75% Senior Secured Notes due 2024 | **-** | **-** | **349** | **-** | **349** |
| 2.625% Senior Secured Notes due 2027 | **-** | **-** | **340** | **-** | **340** |
| Debt issue costs | **-** | **-** | **(5)** | **-** | **(5)** |
| | **-** | **-** | **1,368** | **-** | **1,368** |
| | **-** | **-** | **2,444** | **748** | **3,192** |
| **As at 31 December 2021** | | | | | |
| Bank borrowings (Facility B) | - | - | 1,100 | - | 1,100 |
| Debt fees | - | - | (7) | - | (7) |
| | - | - | 1,093 | - | 1,093 |
| 3.5% Senior Secured Notes due 2026 | - | - | 750 | - | 750 |
| 1.75% Senior Secured Notes due 2024 | - | - | 350 | - | 350 |
| 2.625% Senior Secured Notes due 2027 | - | - | - | 350 | 350 |
| Debt issue costs | - | - | (5) | (1) | (6) |
| | - | - | 1,095 | 349 | 1,444 |
| | - | - | 2,188 | 349 | 2,537 |

At 30 September 2022, the group has Senior Bank borrowings of €1,081 million with a maturity date of 15 May 2026 and Senior Secured Notes of €684 million with a maturity date of 15 May 2026, €349 million with a maturity date of 1 November 2024 and €340 million with a maturity date of 15 February 2027.

At 30 September 2022, the group has a €50 million revolving credit facility, which was undrawn at 30 September 2022

During the period ended 30 September 2022, Fibre Networks Ireland Limited ("FNI"), the group's joint venture with InfraVia, entered into new Facility B borrowings of €765 million, with a maturity date of 30 June 2029. It also entered into a new Facility C commitment of €200 million and a revolving credit facility of €35 million, both of which were undrawn at 30 September 2022.

Interest accrued on borrowings at 30 September 2022 is €20 million (31 December 2021: €7 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 2021 €m | 30 Sept 2022 €m |
|---|---|---|
| **At beginning of period 1 January** | 562 | **627** |
| Arising on acquisition | 4 | **-** |
| Additions | 98 | **16** |
| Modifications | 8 | **1** |
| Disposals | (3) | **(1)** |
| Interest | 26 | **19** |
| Payments | (68) | **(53)** |
| | 627 | **609** |
| Non-current | 575 | **549** |
| Current | 52 | **60** |
| | 627 | **609** |

## 11. Pensions

The group's pension commitments are funded through separately administered Superannuation Schemes and are principally of a defined benefit nature. The group undertakes a full review of the retirement benefit liability at each quarter end in accordance with IAS 19 (Revised). The balance sheet presented as at 30 September 2022 reflects the IAS 19 (Revised) surplus of €706 million as at 30 September 2022.

### Pension scheme obligation

The status of the principal scheme at 30 September 2022 is as follows:

| | 31 Dec 2021 €m | 30 Sept 2022 €m |
|---|---|---|
| Present value of funded obligations | (4,463) | **(3,154)** |
| Fair value of scheme assets | 4,812 | **3,860** |
| Asset recognised in the Balance Sheet | 349 | **706** |

### Assumptions of actuarial calculations

The main financial assumptions used in the valuations were:

| | At 31 Dec 2021 | At 30 Sept 2022 |
|---|---|---|
| Rate of increase in salaries | 1.90% | 2.10% |
| Rate of increase in pensions in payment | 1.90% | 2.10% |
| Discount rate | 1.30% | 4.00% |
| Inflation assumption | 2.10% | 2.30% |
| 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.*

### 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 2021** | **33** | **4** | **53** | **6** | **35** | **131** |
| Charged to consolidated income statement: | | | | | | |
| - Additional provisions | 2 | - | - | - | 3 | **5** |
| Increase in provision capitalised as asset retirement obligation | - | - | 4 | - | - | **4** |
| Utilised in the financial period | (3) | (1) | - | (2) | (4) | **(10)** |
| **At 30 September 2022** | **32** | **3** | **57** | **4** | **34** | **130** |

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

| | 31 Dec 2021 €m | 30 Sept 2022 €m |
|---|---|---|
| Non-current | 97 | **100** |
| Current | 34 | **30** |
| | 131 | **130** |

### 13. Cash generated from operations

| | 30Sept 2021 €m | 30 Sept 2022 €m |
|---|---|---|
| Profit after tax | 70 | **19** |
| Add back: | | |
| Income tax charge | 15 | **26** |
| Share of profit of joint venture | (5) | **(1)** |
| Finance costs – net | 74 | **72** |
| Operating profit | 154 | **116** |
| Adjustments for: | | |
| - Gain on exit from subsidiary/joint venture | 12 | **(68)** |
| - Profit on disposal of property, plant and equipment | (2) | **-** |
| - Profit on disposal of right of use assets | (5) | **-** |
| - Depreciation and amortisation | 261 | **252** |
| - Non-cash lease fair value credits | (1) | **(1)** |
| - Non cash retirement benefit charge/(credit) | 4 | **3** |
| - Management charge | 5 | **5** |
| - Restructuring programme costs | 27 | **12** |
| - Non cash exceptional items | 32 | **(2)** |
| - Other non-cash movements in provisions | 3 | **4** |
| Cash flows relating to restructuring and provisions | (54) | **(27)** |
| **Changes in working capital** | | |
| Inventories | (2) | **(8)** |
| Trade and other receivables | (7) | **(18)** |
| Trade and other payables | (30) | **(53)** |
| **Cash generated from operations** | 397 | **215** |

### 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 €1,081 million, the 3.5% Senior Secured Notes due 2026 of €684 million, the 1.75% Senior Secured Notes due 2024 of €349 million and the 2.625% Senior Secured Notes due 2027of €340 million.

There have been no other significant events affecting the group since the period ended 30 September 2022.

### 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 eighteen-month period ended 31 December 2021.

### 16. Guarantees

During the period ended 30 September 2022, Fibre Network Ireland Limited ("FNI") entered into a new Senior Facilities Agreement consisting of €765 million Facility B term loan, €200 million undrawn Facility C term loan and €35 million undrawn revolving credit facility which has the benefit of guarantees and security provided by Fibre Network Ireland Holdings Limited and FNI for all amounts borrowed under the terms of the Senior Facilities Agreement.

The Senior Facilities Agreement and derivative financial instruments issued by FNI do not benefit from any security or guarantees provided by the eircom Holdings (Ireland) Limited Group.

There have been no other material changes in our credit guarantees since the publication of the financial statements of EHIL in the bondholder's report for the eighteen-month period ended 31 December 2021.

### 17. Seasonality

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

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

### 18. Commitments

The group's capital contractual obligations and commitment payments were €83 million at 30 September 2022 (31 December 2021: €70 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 eighteen-month period ended 31 December 2021.

### 20. Comparative amounts

Certain comparative figures have been re-grouped and re-stated where necessary on the same basis as those for the current financial period.

# Management discussion and analysis on results of operations for the nine months ended 30 September 2022

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 nine months ended | | |
|---|---|---|---|
| | 30 Sep 2021 (unaudited) | 30 Sep 2022 (unaudited) | % Change |
| | €m | €m | |
| Fixed line services and other revenue | 699 | 698 | (0%) |
| Mobile services revenue | 235 | 230 | (2%) |
| **Total segmental revenue** | 934 | 928 | (1%) |
| Intracompany eliminations | (25) | (28) | 9% |
| **Total revenue** | **909** | **900** | **(1%)** |

Reported group revenue of €900 million for the nine months to September 2022 decreased by 1% or €9 million year on year. The fixed line revenue decreased by €1 million. Mobile revenue decreased by 2% or €5 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 nine months ended | | |
|---|---|---|---|
| | 30 Sep 2021 (unaudited) | 30 Sep 2022 (unaudited) | % Change |
| | €m | €m | |
| Access (Rental and Connections) | 323 | 296 | (8%) |
| Voice Traffic (including Foreign Inpayments) | 124 | 127 | 2% |
| Data Services | 86 | 85 | (2%) |
| Subsidiaries and Other | 166 | 190 | 15% |
| **Total fixed line services and other revenue** | **699** | **698** | **(0%)** |

Total fixed line services and other revenue for the nine months to September 2022 (before intra company eliminations) decreased €1 million year on year. Access revenues declined by 8% as legacy voice services continue to decline as well as broadband revenue decline driven by base declines and increased promotional activity to promote growth and remain competitive. Data services revenue also decreased by 2% while Subsidiaries and Other products and services revenue increased by 15% year on year, driven by the consolidation of Evros revenue and an increase in NBP access revenue.

*Access (rental and connections)*

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

| | For the nine months ended | | |
|---|---|---|---|
| | 30 Sep 2021 (unaudited) | 30 Sep 2022 (unaudited) | % Change |
| **Access revenue** | **€m** | **€m** | |
| Retail PSTN/ISDN rental and connection | 129 | 121 | (5%) |
| Wholesale PSTN/ISDN/LLU rental and connection | 67 | 59 | (11%) |
| Broadband rental and connection | 127 | 116 | (9%) |
| **Total access revenue** | **323** | **296** | **(8%)** |
| | | | |
| **Access paths** | **'000** | **'000** | |
| Retail Access Lines | 581 | 563 | (3%) |
| Wholesale Access Lines | 384 | 339 | (12%) |
| Wholesale LLU | 2 | 1 | (14%) |
| SABB | 292 | 314 | 8% |
| **Total PSTN/ISDN/LLU/SABB** | **1,259** | **1,217** | **(3%)** |
| | | | |
| **Broadband and Bitstream** | **'000** | **'000** | |
| Retail Broadband | 442 | 438 | (1%) |
| Wholesale Broadband | 525 | 519 | (1%) |
| **Total Broadband (including SABB)** | **967** | **957** | **(1%)** |

Access revenue of €296 million for the nine months to September 2022 decreased by 8% or €27 million year on year.

Retail access revenue declined by 6%, primarily due to declines in PSTN and ISDN lines. Retail access lines of 563,000 declined by 3% year on year.

Wholesale access revenue declined by 11%, primarily due to a decline in wholesale access lines. Wholesale access lines of 339,000 declined by 12% year on year.

Broadband revenue declined by 8%. The Group broadband base of 957,000 as the end of September 2022 decreased by 1% or 10,000 customers year on year. Retail broadband customers of 438,000 decreased by 1%, while the wholesale broadband base of 519,000 also declined by 1%

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. 925,000 premises are passed at the end of September 2022 with FTTH, up 29% or 210,000 year on year. The Group fibre base increased by 17,000 customers or 2% year on year to 840,000 at the end of September 2022, with FTTH connections driving growth.

# eircom Holdings (Ireland) Limited

***Voice Traffic***

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

| | For the nine months ended | | |
|---|---|---|---|
| | **30 Sep 2021 (unaudited)** | **30 Sep 2022 (unaudited)** | **% Change** |
| | **€m** | **€m** | |
| **Voice traffic revenue** | | | |
| Retail | 101 | 109 | 8% |
| Wholesale (including Foreign Inpayments) | 23 | 18 | (22%) |
| **Total voice traffic revenue** | **124** | **127** | **2%** |
| | | | |
| **Voice traffic minutes (in millions of minutes, except percentages)** | | | |
| Retail | 690 | 472 | (32%) |
| Wholesale (including Foreign Traffic Minutes) | 2,103 | 1,872 | (11%) |
| **Total voice traffic minutes** | **2,793** | **2,344** | **(16%)** |

Group voice traffic revenue for the nine months to September 2022 increased by 2% or €3 million year on year. Retail voice traffic revenue increased by 8%, notwithstanding a 32% decline in retail traffic minutes, wholesale voice traffic revenue decreased by 22%, driven by a 11% decline in wholesale traffic minutes for the period.

***Data communications***

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

| | For the nine months ended | | |
|---|---|---|---|
| | **30 Sep 2021 (unaudited)** | **30 Sep 2022 (unaudited)** | **% Change** |
| | **€m** | **€m** | |
| **Data communications revenue** | | | |
| Leased lines | 45 | 49 | 10% |
| Switched data services | 10 | 7 | (36%) |
| Next generation data services | 31 | 29 | (7%) |
| **Total data communications revenue** | **86** | **85** | **(2%)** |

Data communications revenue for the nine months to September 2022 decreased by 2% or €1 million year on year. A decrease of 36% in legacy switched data services revenue as well an 7% decrease in Next generation data services revenue was offset by an increase in leased lines revenue of 10% for the period.

# eircom Holdings (Ireland) Limited

***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 nine months ended** | | |
|---|---|---|---|
| | **30 Sep 2021 (unaudited)** | **30 Sep 2022 (unaudited)** | **% Change** |
| | **€ m** | **€ m** | |
| **Subsidiaries and Other** | | | |
| Evros | 55 | 79 | 43% |
| eir UK | 11 | 8 | (23%) |
| Tetra | 15 | 5 | (71%) |
| Managed services and solutions | 27 | 28 | 3% |
| National Broadband Access | 12 | 19 | 62% |
| TV and content | 17 | 10 | (39%) |
| Data centre | 5 | 6 | 11% |
| Other revenue | 24 | 35 | 53% |
| **Subsidiaries and Other Revenue** | **166** | **190** | **15%** |

Other products and services revenue for the nine months to September 2022 increased by 15% or €24 million year on year. The increase was driven by a €24 million increase in Evros revenue mainly due to the consolidation of Evros from late March 2021. This was offset by a €10 million decrease in Tetra revenue as a result of the sale of eir shareholding in Tetra in March 2022. In the same period, eir UK revenues decreased by €3 million or 23% driven by the loss of a large contract while TV and content decreased by €7 million driven by the decision to exit Sport content. In contrast, access rental revenues in supply to the National Broadband Plan (NBP) increased by €7 million or 62% year on year as demand continues to grow. Managed Services and Solutions also increased by €1 million or 3% year on year.

***Mobile services revenue***

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

| | For the nine months ended | | |
|---|---|---|---|
| | 30 Sep 2021 (unaudited) | 30 Sep 2022 (unaudited) | % Change |
| | €m | €m | |
| **Mobile revenue** | | | |
| Prepay handset | 51 | 48 | (6%) |
| Postpay handset (incl. M2M) | 124 | 129 | 4% |
| Mobile broadband | 7 | 8 | 23% |
| Roaming | 9 | 9 | 2% |
| Other | 44 | 36 | (20%) |
| **Total mobile revenue** | **235** | **230** | **(2%)** |
| | | | |
| **Mobile subscribers** | | | |
| Prepay handset customers | 335 | 334 | (0%) |
| Postpay handset customers (incl. M2M) | 826 | 906 | 10% |
| Mobile broadband customers | 45 | 55 | 15% |
| *Of which are prepay customers* | *2* | *1* | *(31%)* |
| *Of which are postpay customers* | *43* | *54* | *21%* |
| **Total mobile subscribers** | **1,206** | **1,295** | **7%** |

Total mobile revenue for the nine months to 30 September 2022 of €230 million decreased by 2% or €5 million year on year.

Prepay handset revenue declined by 6% or €3 million year on year, mainly due to a decline in prepay handset customers of 1,000, partly driven by migration of customers to postpay contracts.

Postpay handset revenue increased by 4% or €5 million year on year, primarily driven by an increase in postpay handset (including M2M) subscribers of 10% or 80,000 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 23% or €1 million year on year, driven by growth in the mobile broadband base of 15% or 8,000 subscribers. Roaming revenue remained stable at €9 million year on year, while other mobile revenue decreased by 20% or €8 million driven largely by a decrease in build to suit project revenue.

There were a total of 1,295,000 mobile subscribers as at quarter end, an increase of 7% year on year. The mix of customers continues to improve, with the proportion of postpay customers (including mobile broadband and M2M) of 74% increasing by 2 percentage points year on year, representing an increase of 87,000 net additional postpay subscribers (including mobile broadband and M2M subscribers).

## eircom Holdings (Ireland) Limited

***Operating costs before amortisation, depreciation and exceptional items***

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

| | For the nine months ended | | |
|---|---|---|---|
| | 30 Sep 2021 (unaudited) | 30 Sep 2022 (unaudited) | % Change |
| | €m | €m | |
| **Cost of sales** | | | |
| Foreign outpayments | 6 | 5 | (16%) |
| Interconnect | 29 | 24 | (17%) |
| Equipment cost of sales | 26 | 38 | 37% |
| Subsidiaries (eir Evo, EUK & Tetra) | 39 | 53 | 35% |
| Other including TV,NBP, ICT & managed services | 67 | 52 | (22%) |
| **Total cost of sales** | **167** | **172** | **3%** |
| **Pay costs** | | | |
| Wages and salaries and other staff costs | 147 | 149 | 2% |
| Social welfare costs | 10 | 12 | 12% |
| Pension cash costs—defined contribution plans | 3 | 4 | 11% |
| Pension cash costs—defined benefit plans | 7 | 7 | 6% |
| **Pay costs before non-cash pension charge and capitalisation** | **167** | **172** | **3%** |
| Capitalised labour | (30) | (30) | (2%) |
| **Total pay costs before non-cash pension charge** | **137** | **142** | **4%** |
| **Non pay costs** | | | |
| Materials and services | 10 | 9 | (10%) |
| Other network costs | 13 | 11 | (13%) |
| Accommodation | 44 | 46 | 5% |
| Sales and marketing | 9 | 7 | (17%) |
| Provision for credit losses | 2 | 5 | 220% |
| Transport and travel | 6 | 7 | 15% |
| Customer services | 5 | 5 | 12% |
| Insurance and compensation | 3 | 3 | (10%) |
| Professional and regulatory fees | 4 | 3 | (17%) |
| IT costs | 11 | 12 | 6% |
| Other non-pay costs | 2 | 4 | 88% |
| **Total non-pay costs** | **109** | **112** | **3%** |
| **Operating costs before non-cash pension charge, non-cash fair value lease credits, management charge, amortisation, depreciation of PPE, and exceptional items** | **412** | **426** | **3%** |
| Non cash pension charge/(credit) | 4 | 3 | N.M |
| Non cash fair value lease credits | (1) | (1) | N.M |
| Management charge | 5 | 5 | 0% |
| **Operating costs before amortisation, depreciation of PPE, and exceptional items** | **421** | **433** | **3%** |

Total operating costs before non-cash pension charge, amortisation, depreciation of PPE, and exceptional items of €426 million for the nine months to September 2022 increased by 3% or €14 million year on year.

***Cost of Sales***

Cost of sales for the nine months to September 2022 of €172 million increased by 3% or €5 million year on year.

- Foreign outpayments decreased by 16% while interconnect payments to other telecommunications operators decreased by 17%, driven by reduced traffic and MTR.
- Equipment costs of sales increased by 37% for the period year on year driving by timing of investment.
- Subsidiaries increased by 35% driven by the acquisition of Evros in March 2021 and offset in part by the sale of Tetra in March 2022
- Other cost of sales decreased by 22%, primarily driven by large one off sales in the prior year as well as a reduction in TV & content costs.

### *Pay costs*

Total pay costs before non-cash pension charge of €142 million for the nine months to September 2022 increased by 4% or €5 million year on year. The increase is primarily due to the consolidation of Evros pay costs from March 2021. FTE headcount was 3,487 at quarter end, representing a net increase 135 FTE year on year.

### *Total non-pay costs*

Total non-pay costs of €112 million for the nine months to September 2022 increased by 4% or €4 million year on year.

- Provision for credit losses increased by €3 million driven by provision releases in the prior year.
- Accommodation costs increased by 5% or €2 million, due to an increase in rent and facility costs.
- IT costs increased by €1 million or 6% due to increased support contracts, in part driven by the on-boarding of Evros.
- Other non pay costs increased by €2 million driven by one off credits in the prior year.
- Other network costs decreased by €2 million or 13% 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 nine-month period ended 30 September 2022 were €31 million, which is €4 million higher than the charge for the corresponding nine-month period ended 30 September 2021 of €27 million. The increase is due to higher amortisation on computer software and amortisation on customer relationships in relation to the acquisition of Evros Technology Group in the prior year.

### *Depreciation of property, plant and equipment*

The depreciation charge on property, plant and equipment for the nine-month period ended 30 September 2022 was €184 million, which is €14 million lower than the charge for the corresponding nine-month period ended 30 September 2021 of €198 million. The decrease in depreciation is due to lower depreciation on property assets, network assets and lower fair value depreciation adjustment that related to the acquisition of eircom Limited assets in 2012.

### *Depreciation of right of use assets*

The depreciation charge on right of use assets for the nine-month period ended 30 September 2022 was €37 million, which is more or less in line with the €36 million for the corresponding nine-month period ended 30 September 2021.

### *Exceptional costs*

The exceptional charge in the nine-month period ended 30 September 2022 of €165 million includes €12 million for restructuring programme costs, €144 million for strategic related costs, €3 million for group re-organisation costs, €1 million for Covid-19 related costs and €5 million for other costs in relation to legal matters.

The strategic related costs of €144 million is mainly stamp duty of €138 million paid to the Irish Revenue (tax authority) following the sale of the group's fibre business and assets to the group's joint venture with InfraVia, Fibre Network Ireland Limited.

The exceptional charge in the nine-month period ended 30 September 2021 of €61 million includes €27 million for restructuring programme costs, €18 million for impairment of leased assets, €4 million for group re-organisation costs, €3 million for Covid-19 related costs, €2 million for transaction related costs and €7 million for other costs in relation to legal matters.

### *Finance costs (net)*

The group's net finance costs for the nine-month period ended 30 September 2022 were €72 million compared to the corresponding nine-month period ended 30 September 2021 of €74 million. The €2 million decrease is mainly due to discounts on redemption of Senior Secured Notes and gain on extinguishment of debt of €9 million (debt purchased below par) offset by higher interest costs of €6 million on the new facility borrowings for Fibre Network Ireland Limited.

### *Taxation*

The tax charge for the nine-month period ended 30 September 2022 was €26 million, compared to the corresponding nine-month period ended 30 September 2021 of €15 million. The €11 million increase in tax is due to higher non-deductible expenses in the period, mainly due to the €138 million stamp duty on the sale of the fibre business and assets to Fibre Network Ireland Limited @ 12.5% (€17 million). There was also tax losses of €5 million created during the period as there is no legal right to offset these in the group as they relate to a different fiscal authority.

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.

# 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.

**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.