eircom Holdings (Ireland) Limited

Annual Report for Bondholders
for the Financial Year ended 31 December 2022

21 March 2023

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DISCLAIMER

The following report presents our results for the year ended 31 December 2022. This Annual Report is not an offer for sale of securities in the United States or in any other jurisdiction. This Annual Report has been prepared for information and background purposes only. It is confidential and does not constitute or form part of, and should not be construed as, an offer or invitation to subscribe for, underwrite or otherwise acquire, any securities of eircom Holdings (Ireland) Limited (the "Company") or any member of its group nor should it or any part of it form the basis of, or be relied on in connection with, any contract to purchase or subscribe for any securities of the Company or any member of its group or with any other contract or commitment whatsoever. Neither this Annual Report nor any part of it may be reproduced (electronically or otherwise) or redistributed, passed on, or the contents otherwise divulged, directly or indirectly, to any other person or published in whole or in part for any purpose without the prior written consent of the Company.

This Annual Report does not purport to be all-inclusive or to contain all of the information that any person may require to make a full analysis of the matters referred to herein. Each recipient of this Annual Report must make its own independent investigation and analysis of the Company.

This Annual Report may contain certain forward-looking statements that reflect management's intentions, beliefs or current expectations. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts, including, without limitation, those regarding the Company's future financial position and results of operations, strategy, plans, objectives, goals and targets and future developments in the markets where the Company participates or is seeking to participate. The Company's ability to achieve its projected results is dependent on many factors which are outside management's control. Actual results may differ materially from (and be more negative than) those projected or implied in the forward-looking statements. Such forward-looking information involves risks and uncertainties that could significantly affect expected results and is based on certain key assumptions. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements as a prediction of actual results. All forward-looking statements included herein are based on information available to the Company as of the date hereof. The Company undertakes no obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as may be required by applicable law. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements.

In this Annual Report, we may rely on and refer to information regarding our business and the market in which we operate and compete. We have obtained this information from various third party sources, including providers of industry data, discussions with our customers and our own internal estimates. We cannot assure you that any of this information is accurate or correctly reflects our position in the industry, and none of our internal surveys or information has been verified by any independent sources.

No representation or warranty, express or implied, is made as to the fairness, accuracy or completeness of the information contained herein. None of the Company, its advisers, connected persons or any other person accepts any liability for any loss howsoever arising, directly or indirectly, from this presentation or its contents. This shall not, however, restrict or exclude or limit any duty or liability to a person under any applicable laws or regulations of any jurisdiction which may not lawfully be disclaimed (including in relation to fraudulent misrepresentation).

1. FORWARD LOOKING STATEMENTS

This Annual Report includes forward looking statements. These forward looking statements can be identified by the use of forward looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative, or other variations or comparable terminology. These forward looking statements include all matters that are not historical facts. They appear in a number of places throughout this Annual Report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which we operate.

By their nature, forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which we operate may differ materially from those made in or suggested by the forward looking statements contained in this Annual Report. In addition, even if our results of operations, financial condition, liquidity, and the development of the industry in which we operate are consistent with the forward looking statements contained in this Annual Report, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause those differences include, but are not limited to:

- increasing competition in the Irish telecommunications market;
- substitution of other services for our products and services;
- consolidation in the Irish telecommunications market;
- our ability to successfully implement our strategy to reduce churn and gain new subscribers;
- extensive regulation and regulatory initiatives aimed at increasing competition;
- our ability to successfully compete in broadband services;
- our ability to maintain our favourable brand image;
- our dependence on the proper functioning of, and our ability to continuously upgrade, our network, IT, and other systems;
- cybersecurity threats;
- our ability to adhere to data protection regulation;
- the outcome of litigation or regulatory action;
- our leverage and debt service obligations; and
- other factors discussed or referred to in this Annual Report.

We urge you to read the sections of this Annual Report entitled "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Business*" for a more complete discussion of the factors that could affect our future performance and the industry in which we operate. In light of these risks, uncertainties and assumptions, the forward looking events described in this Annual Report may not occur.

We undertake no obligation to update or revise any forward looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Annual Report.

2. INDUSTRY AND MARKET DATA

Unless otherwise indicated, statements in this Annual Report regarding the market environment, market developments, growth rates, market trends and the competitive situation in the markets and segments in which we operate are based on data, statistical information, sector reports and third-party studies as well as on our own estimates.

We operate in an industry in which it is difficult to obtain precise industry and market information. We have generally obtained the market and competitive position data in this Annual Report from the following reports:

- Reports published by The Commission for Communications Regulation ("ComReg"), the Irish telecommunications regulator, including the report containing market information as of 31 December 2022, published on 8 March 2023;
- Information notices published by ComReg; and
- Certain earnings reports and presentations published by eir;

However, we cannot assure you of the accuracy and completeness of such information, and we have not independently verified such market and position data. We do, however, accept responsibility for the correct reproduction of this information.

In addition, in many cases we have made statements in this Annual Report regarding our industry and our position in the industry based on our experience and our own investigation of market conditions including based on the reports of our competitors. We cannot assure you that any of these assumptions are accurate or correctly reflect our position in the industry, and none of our internal surveys or information have been verified by any independent sources.

To the extent that information was taken from third parties, such information has been accurately reproduced by us in this Annual Report and, as far as we are aware and able to ascertain from the information published by these third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, market studies and analyses are frequently based on information and assumptions that may not be accurate or technically correct, and their methodology is by nature forward-looking and speculative.

We have not verified the figures, market data and other information used by third parties in our studies, publications and financial information, or the external sources on which our estimates are based. We therefore assume no liability for and offer no guarantee of the accuracy of the data from studies and third-party sources contained in this Annual Report or for the accuracy of data on which our estimates are based.

This Annual Report also contains estimations of market data and information derived from such data that cannot be obtained from publications by market research institutes or from other independent sources. Such information is partly based on our own market observations, the evaluation of industry information (such as from conferences and sector events) or internal assessments. We believe that our estimates of market data and the information we have derived from such data helps investors to better understand the industry we operate in and our position within it. Our own estimates have not been checked or verified externally. We nevertheless assume that our own market observations are reliable. We give no warranty for the accuracy of our own estimates and the information derived from them. They may differ from estimates made by our competitors or from future studies conducted by market research institutes or other independent sources.

3. PRESENTATION OF INFORMATION

Financial Information

Unless otherwise indicated, eircom Holdings (Ireland) Limited's ("EHIL" or the "Company") financial information in this Annual Report as of and for the two financial periods ended 31 December 2021 and 31 December 2022 has been prepared in accordance with IFRS as adopted by the European Union.

The consolidated financial statements of EHIL prepared in accordance with IFRS as of and for the two financial periods ended 31 December 2021 and 31 December 2022, included elsewhere in this Annual Report, have been audited by EHIL's independent auditor for each of those respective years.

Unless otherwise indicated, the financial period information presented in this Annual Report is the historical audited consolidated financial information of EHIL and its consolidated subsidiaries. The amounts and commentary presented in the management discussion and analysis section of this Annual Report include the results of the group's joint venture in Tetra Ireland Communications Limited ("Tetra") on a proportionate consolidation basis. In accordance with IFRS 11 'Joint Arrangements' the EHIL consolidated financial statements for the financial periods ended 31 December 2021 and 31 December 2022 apply the equity method of accounting for the investment in Tetra.

In this Annual Report, we use certain non-IFRS financial measures and ratios, including EBITDA, Adjusted EBITDA, capital expenditure, net working capital movement, net debt and leverage and coverage ratios. These measures are presented as we believe that they and similar measures are widely used in the global telecommunications industry as a means of evaluating a company's operating performance and financing structure. They may not be comparable to other similarly titled measures of other companies and are not measurements under IFRS or other generally accepted accounting principles, nor should they be considered substitutes for the information contained in EHIL's consolidated financial statements.

The independent auditor's report for EHIL for the financial year ended 31 December 2022 is included on page F-2 of this Annual Report. In accordance with the standards issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), the independent auditors' reports state that: they were made solely to EHIL's members, as a body; the independent auditor's audit work was undertaken so that the independent auditors might state to EHIL's members those matters that were required to be stated to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, the independent auditor does not accept or assume responsibility to anyone other than the Company and the Company's directors as a body, for their audit work or for the opinions they have formed. The independent auditor's reports for EHIL for the financial periods ended 31 December 2021 and 31 December 2022 were unmodified. Ernst & Young, Chartered Accountants, were the auditors for the accounting periods ended 31 December 2021and 31 December 2022.

In this Annual Report:

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

Other Data

Certain numerical figures set out in this Annual Report, including financial data presented in millions or thousands, certain operating data, percentages describing market shares and penetration rates, have been subject to rounding adjustments and, as a result, the totals of the data in this Annual Report may vary slightly from the actual arithmetic totals of such information. Percentages and amounts reflecting changes over time periods relating to financial and other data set forth in "Management's Discussion and Analysis of Financial Condition and Results of Operations" are calculated using the actual numerical unrounded data, as applicable, and not using the rounded numerical data in the tabular presentation contained in this Annual Report. As a result, the percentage movements in the tables set forth in "Management's Discussion and Analysis of Financial Condition and Results of Operations" do not always agree with percentage movements in the numbers presented in tables in this section of the Annual Report.

4. CERTAIN DEFINITIONS

In this Annual Report:

- "2024 Notes" refers to the Issuer's €280,000,000 aggregate principal amount of 1.75% senior secured notes due 2024 issued pursuant to the 2024 Notes Indenture;
- "2024 Notes Indenture" refers to the indenture dated 22 October 2019, among the Issuer, the guarantors named therein, the Trustee as trustee, Wilmington Trust (London) Limited as security agent, Deutsche Bank AG, London Branch as principal paying Agent and Deutsche Bank Luxembourg S.A. as registrar and Transfer agent;
- "2026 Notes" refers to the Issuer's €590,000,000 aggregate principal amount of 3.50% senior secured notes due 2026 issued pursuant to the 2026 Notes Indenture;
- "2026 Notes Indenture" refers to the indenture dated 13 May 2019, among the Issuer, the guarantors named therein, the Trustee as trustee, Wilmington Trust (London) Limited as security agent, Deutsche Bank AG, London Branch as principal paying Agent and Deutsche Bank Luxembourg S.A. as registrar and Transfer agent;
- "2027 Notes" refers to the Issuer's €281,000,000 aggregate principal amount of 2.625% senior secured notes due 2027 issued pursuant to the 2027 Notes Indenture;
- "2027 Notes Indenture" refers to the indenture dated 8 November 2019, among the Issuer, the guarantors named therein, the Trustee as trustee, Wilmington Trust (London) Limited as security agent, Deutsche Bank AG, London Branch as principal paying Agent and Deutsche Bank Luxembourg S.A. as registrar and Transfer agent;
- "Churn" refers to the percentage of subscriber/line disconnections during a given period. Churn rates are calculated by dividing the number of disconnections of subscribers/lines during the period by the average number of subscribers/lines in the same period;
- "eircom Finance DAC" refers to eircom Finance Designated Activity Company, a designated activity company incorporated in Ireland with registration number 524458;
- "EHIL" refers to eircom Holdings (Ireland) Limited, a private limited company incorporated in Ireland, and not to any of its subsidiaries, with registration number 512352;
- "eircom Limited (Ireland)" refers to eircom Limited, a private limited company incorporated in Ireland with registration number 98789;
- "eircom Limited (Jersey)" refers to eircom Limited, a private limited company incorporated in Jersey with registration number 116389;
- "eircom (UK) Limited" refers to eircom (UK) Limited, a private limited company incorporated in the United Kingdom with registration number 3478971;
- "Evros" refers to Hibernia Services Limited, acquired by eir in March 2021 and now trading as eir evo, providing integrated communications and ICT services to business customers;
- "Examinership" refers to the petition of eircom and certain of its subsidiaries on 29 March 2012, to the High Court in Ireland for court protection and the appointment of an examiner and the subsequent placement into examinership under the Companies Act, 2014, as amended, in order to give effect to a restructuring of the debt of eircom;
- "Facility B" refers to the senior secured term loan facility B in an aggregate principal amount of €1.8 billion (a portion of which has subsequently been voluntarily prepaid) made available under the Senior Facilities Agreement;
- "Group" refers to EHIL and its subsidiaries;
- "Indentures" refers collectively to the 2024 Notes Indenture, the 2026 Notes Indenture and the 2027 Notes Indenture, as applicable;
- "IFRS" refers to International Financial Reporting Standards adopted by the European Union;
- "Intercreditor Agreement" refers to the intercreditor agreement dated 18 April 2017, by and among, among others, EHIL and Wilmington Trust (London) Limited as agent under the Senior Facilities Agreement and as security agent;
- "Issuer" refers to eircom Finance DAC, a designated activity company registered in Ireland with company number 524458;
- "Notes" refers collectively to the 2024 Notes, the 2026 Notes and the 2027 Notes, as applicable;
- "Revolving Facility" or "Revolving Credit Facility" refers to a senior secured revolving credit facility of €50 million made available under the Senior Facilities Agreement;

- “Senior Facilities” refers to the facilities made available under the Senior Facilities Agreement, including the Revolving Facility and Facility B;
- “Senior Facilities Agreement” refers to the facilities agreement entered into on or about 18 April 2017, by and among, among others, EHIL, Wilmington Trust (London) Limited as agent and security agent and the lenders thereunder, as amended and restated on 27 August 2019 and as further amended from time to time;
- “Tetra” refers to Tetra Ireland Communications Limited, a private limited company incorporated in Ireland with registration number 406355;
- “Toohil” refers to Toohil Telecom Holdings Limited, a private limited company incorporated in Ireland with registration number 616037;
- “Total mobile ARPU” refers to the total mobile subscriber revenue in a period divided by the average number of mobile subscribers in the period divided by the number of months in the period, where the average number of mobile subscribers in the period is the average of the total number of mobile subscribers including mobile broadband at the beginning of the period and the total number of mobile subscribers including mobile broadband at the end of the period;
- “Trustee” refers to Deutsche Trustee Company Limited;
- “Wexford Limited” refers to Wexford Limited, a private limited company incorporated in Jersey, formerly incorporated as Eircom Holdco S.A.; and
- “eircom”, “we”, “us”, “our”, “eir” and other similar terms refer to EHIL on a consolidated basis, unless expressly stated otherwise or the context otherwise requires.

We have included a glossary of selected technical and other terms used in section 12 of this Annual Report.

5. RECENT DEVELOPMENTS

There have been no significant events affecting the Group since the financial year ended 31 December 2022

6. BUSINESS

The Group changed its financial year end date from 30 June to 31 December in 2021. The financial period ended 31 December 2022 covers a 12 month period, however the prior period covers an 18 month period from 1 July 2020 to 31 December 2021. For comparative purposes, the following commentary, with some exceptions, refers to the latest twelve month period versus a twelve month comparative view to 31 December 2021.

Overview

We are the sole telecommunications provider in Ireland that offers quad-play bundles on an integrated network, and we offer a range of retail and wholesale services. We are the principal provider of fixed line telecommunications and the third largest mobile telecommunications provider in Ireland.

Our fixed line division provides high-speed broadband, voice and data services to individual consumers, business users and to wholesale customers. The fixed line division contributed 74% of our revenue (before inter-segment eliminations) for the twelve months ended 31 December 2022. We have the most extensive fixed line telecommunications network in Ireland in terms of both capacity and geographic reach. According to quarterly data published by ComReg (ComReg report 21/125), we had a market share for the quarter ended 31 December 2022 of 40.1% of the Irish retail and wholesale fixed line market, based on revenue. Our mobile division provides standalone mobile services to consumer and business customers and is also included as part of our bundled offerings. The mobile business contributed 26% of our total revenue (before inter-segment eliminations) for the year ended 31 December 2022. Revenue for the year ended 31 December 2022 was €1,234 million and Adjusted EBITDA was €652 million.

We are focused on convergence and long-term customer lifetime value, and our strategy is to connect everyone and everything in Ireland, whether by high-speed broadband, voice, mobile data or enterprise datacomms. This strategy is underpinned by a major programme of capital expenditure which has facilitated the transformation of our business. Our vision for our customers is a converged future with seamless access to fixed and mobile services.

We are currently well underway investing €500 million to roll-out fibre to the home (“FTTH”) to 1.9 million premises across urban and suburban Ireland, while also investing €250 million updating and expanding our mobile network with a view to significantly increasing our high-speed mobile data capabilities, rolling out Ireland’s largest 5G network and expanding 4G coverage to 99% of the outdoor geography of Ireland.

We generate virtually all of our revenue in Ireland, where substantially all of our reported subscribers and customers are located. Demand for our products and services, including the penetration of high-speed broadband and TV bundles, ARPU and the number of subscribers, is influenced by a number of factors, including the strength of the Irish economy, which remains one of the fastest growing economies in the European Union.

Business divisions

Consumer (eir)

Our consumer retail division is the largest division within eir. We offer fixed and mobile services to approximately 1.6 million customers, comprising 435,000 fixed customers and 1.2 million mobile customers as of 31 December 2022. We are the market leader in fixed line, and as of 31 December 2022 we had a market share in retail fixed telephony of 41% and a revenue share in the overall retail fixed line market of 40.1%, according to ComReg.

We offer bundles of services and standalone propositions of voice, high speed broadband, TV, sports content and mobile services to households and individuals. We are focused on maximising customer lifetime value through our bundling and convergence strategy and we have one of the broadest distribution networks of all telecommunications operators in Ireland, with 71 stores. We support consumer sales and marketing programmes with direct marketing campaigns through a wide range of media including TV, telephone, radio, press, outdoor, and the Internet.

Enterprise (eir evo)

Our enterprise division is the second largest division within eir. Through the eir evo brand, we provide offerings that are configurable according to the specifications of each customer. We primarily offer connectivity services to small and medium enterprises throughout Ireland. For our large enterprise customers, which include large private sector companies in Ireland and the Irish government, we provide a range of integrated products and services that combine connectivity with ICT and network infrastructure and services to form complete enterprise solutions. We also provide ICT services to Irish customers with subsidiaries or branches in the United Kingdom.

Wholesale (open eir)

Through the open eir brand, we provide communication service providers with open access to eir’s nationwide fixed network, products and technical expertise. Our wholesale business is a strategic partner of choice for OAOs providing telecommunication services to households, individuals and business customers.

Networks & IT

Our Networks business unit manages the national transmission, core, IP, fixed and mobile networks which underpin the services offered by our Consumer, Enterprise, and Wholesale business units. Our Networks unit also operates our field operations (fixed, core and mobile) as well as service management and monitoring. All significant network infrastructure investment programmes are managed within Networks.

IT develops technology solutions that enhance our products and services and sustain our growth. Transformation initiatives being delivered across IT include: Business Support Systems transformation (aimed at delivering modernised, simplified Business Support Systems and digital environment while retiring legacy platforms); Billing Transformation to completely separate Wholesale and Retail billing information onto separate IT stacks; and legacy IT decommissioning which is focused on consolidating duplicate legacy solutions and retiring end of life platforms to de-risk and reduce the cost of our IT estate.

Litigation

Except as disclosed below, we are not engaged in or, so far as we are aware, have pending or threatened, any government, legal or arbitration proceedings which may have, or have had in the last twelve months, a significant effect on our financial position or results of operations.

Universal Service funding appeal

eir has been designated as a Universal Service Provider (USP) by ComReg with a Universal Service Obligation (USO) to provide a defined set of basic telephony services (see "Regulation" for a more detailed outline of the USO). This USO results in an annual net cost for eir. The legislation provides for the establishment of a funding mechanism if the cost of providing the USO is found to amount to an unfair burden. eir applied for funding for its USO costs for the years 2010-2015. On 18 April 2019 ComReg published its decisions on these funding applications and concluded that the net cost was not an unfair burden on eir. On 15 May 2019 eir issued proceedings in the High Court appealing these ComReg decisions. On 24 June 2019 the proceedings were admitted to the Commercial Court. On 1 July 2021 the Commercial Court issued an order referring a question of European law to the Court of Justice of the European Union ('CJEU') as a preliminary reference. In November 2022 the CJEU ruled in favour of Eircom on the question of how ComReg should assess unfair burden. The case will now return to the Irish High Court.

Access Network Model appeal

eir has appealed a ComReg Decision of 20 December 2021 to fix lower prices for certain regulated broadband products using a new cost model, the Access Network Model ('ANM'). Following an application for a stay of the Decision, the court determined that eir's position could be protected by means of an undertaking from the Notice Parties, Vodafone and Sky, to pay eir the price difference, if the appeal is successful. In addition to impacting eir's broadband revenues, eir has argued it will lead to under-recovery of costs in the regulated market. The appeal was heard in July 2022, and a ruling is awaited from the High Court. No date has been given for this ruling.

Sub-duct Self-Install Direction appeal

In July 2022 the Irish High Court heard eir's appeal of Direction 21/60R issued by ComReg, directing eir to allow Access Seekers to unblock eir's ducts to facilitate the self-installation of sub-ducts. eir objected *inter alia* to the failure to carry out a formal consultation prior to adopting this Direction. A ruling is awaited from the High Court. No date has been given for this ruling.

ComReg billing disputes case

In November 2021 ComReg initiated proceedings under sections 45 and 46 of the Communications Act 2002, in relation to alleged overcharging of certain retail customers. ComReg is seeking (a) a fine of €11.5 million in relation to alleged overcharging in 2018-2020 (b) a refund of any customer overcharged from 2015-2021 and (c) an order restraining eir from incorrectly charging any customer in future. eir does not accept it has overcharged customers as alleged, is defending the case strongly and believes that the risk of significant liabilities arising from this matter is remote.

ComReg Passive Access Records case

In August 2022 ComReg initiated proceedings under Regulation 19 of the Access Regulations 2011, alleging that eir did not fully comply with its obligations to provide access to its passive access records ('PAR'). ComReg is seeking a fine of €5.4 million. eir is defending this case on the grounds that it did provide all necessary information to wholesale customers.

Data Protection Claims

Following two recent data breaches, we have received 21 sets of Circuit Court proceedings from data subjects impacted by these breaches. All such cases claim damages under Article 82 of the General Data Protection Regulation. It is likely that these proceedings could be heard in the Circuit Court in 2023. There is also a risk that other data subjects impacted by these breaches could take a case against eir.

7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussions should be read with the consolidated financial statements of EHIL and related notes to those financial statements. EHIL has prepared audited consolidated financial statements for the financial periods ended 31 December 2021 and 31 December 2022 in accordance with IFRS.

In this section, references to "we", "us", "our" or other similar terms refer to eircom Holdings (Ireland) Limited.

Results of operations – The 12 month financial period ended 31 December 2022 compared with the 12 month period ended 31 December 2021.

Basis of preparation

The amounts and commentary presented in the management discussion below include the results of the Group's joint venture in Tetra Ireland Communications Limited ("Tetra") on a proportionate consolidation basis. In accordance with IFRS 11 'Joint Arrangements' the EHIL consolidated financial statements for the 12 month financial period ended 31 December 2022 and the 12 month financial year ended 31 December 2021 apply the equity method of accounting for the investment in Tetra.

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

	In the twelve months ended 31 December 2021 (unaudited)			In the twelve months ended 31 December 2022 (unaudited)		
	Reported €m	**Adjusted €m**	**Statutory €m**	**Reported €m**	**Adjusted €m**	**Statutory €m**
Revenue	1,236	(16)	1,220	**1,234**	**(4)**	**1,230**
Operating costs	(574)	6	(568)	**(582)**	**2**	**(580)**
Adjusted EBITDA	662	(10)	652	**652**	**(2)**	**650**
Closing Cash	289	(2)	287	**507**	**-**	**507**

Commentary on results of operations

The Group changed its financial year end date from 30 June to 31 December in 2021. The financial period ended 31 December 2022 covers a 12 month period; however the prior period covers an 18 month period from 1 July 2020 to 31 December 2021. For comparative purposes, the following commentary, with some exceptions, refers to the latest twelve month period versus a twelve month comparative view to 31 December 2021.

Income Statement

The following table shows selected consolidated income statement data from our operations for the periods indicated.

(€ in millions)	For the financial period ended 31 Dec 2021 (unaudited)	For the financial period ended 31 Dec 2022 (unaudited)	For the twelve months ended 31 Dec 2021 (unaudited)	For the twelve months ended 31 Dec 2022 (unaudited)
Revenue	1,826	1,234	1,236	1,234
Operating costs excluding amortisation, depreciation and exceptional items	(868)	(594)	(583)	(594)
Amortisation	(66)	(43)	(38)	(43)
Depreciation	(396)	(244)	(263)	(244)
Depreciation of right of use assets	(70)	(50)	(49)	(50)
Impairment of right of use assets	(24)	(13)	(24)	(13)
Exceptional items	(90)	(208)	(64)	(208)
Exceptional gain/(loss) on exit from subsidiary	174	68	(12)	68
Profit on disposal of PPE	1	(2)	1	(2)
Profit on disposal of ROU assets	5	-	5	-
Operating profit	**492**	**148**	**209**	**148**
Finance costs	(141)	(85)	(95)	(85)
Profit before tax	**351**	**63**	**114**	**63**
Income tax charge	(18)	(17)	(24)	(17)
Profit for the year	**333**	**46**	**90**	**46**

Revenue

Reported Group revenue of €1,234 million for the twelve months ended 31 December 2022 decreased by €2 million compared to the corresponding prior period, driven by an increase in data services, traffic and postpay revenues, as well as the addition of Evros and NBP access revenues. These revenue increases were partly offset by a decline in traditional access, content, and prepay revenues.

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

	For the twelve months ended 31 Dec 2021 (unaudited)	For the twelve months ended 31 Dec 2022 (unaudited)	% Change
	€m	**€m**	
Fixed line services and other revenue	947	945	-%
Mobile services revenue	323	326	1%
Total segmental revenue	1,270	1,271	(0%)
Intracompany eliminations	(34)	(37)	(7%)
Total revenue	**1,236**	**1,234**	**(0%)**

Fixed line services

Fixed line services and other revenue

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

	For the twelve months ended		
	31 Dec 2021 (unaudited)	**31 Dec 2022 (unaudited)**	**% Change**
	€m	**€m**	
Access (Rental and Connections)	427	387	(10%)
Voice Traffic (including Foreign Inpayments)	167	172	3%
Data Services	114	114	(1%)
Subsidiaries and Other	239	272	14%
Total fixed line services and other revenue	**947**	**945**	**-%**

Total fixed line services and other revenue before intra-company eliminations for the twelve months ended 31 December 2022 remained stable compared to the corresponding prior year period. This was driven by a 10% decrease in access revenue, largely offset by a 14% increase in other products and services revenue and 3% increase in voice traffic revenue.

Access (rental and connections)

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

	For the twelve months ended		
	31 Dec 2021 (unaudited)	**31 Dec 2022 (unaudited)**	**% Change**
Access revenue	**€m**	**€m**	
Retail PSTN/ISDN rental and connection	171	159	(7%)
Wholesale PSTN/ISDN/LLU rental and connection	88	78	(12%)
Broadband rental and connection	168	150	(11%)
Total access revenue	**427**	**387**	**(10%)**
Access paths	**‘000**	**‘000**	
Retail Access Lines	572	563	(2%)
Wholesale Access Lines	374	324	(13%)
Wholesale LLU	2	2	(11%)
SABB	301	317	5%
Total PSTN/ISDN/LLU/SABB	**1,249**	**1,206**	**(3%)**
Broadband and Bitstream	**‘000**	**‘000**	
Retail Broadband	437	442	1%
Wholesale Broadband	526	511	(3%)
Total Broadband (including SABB)	**963**	**953**	**(1%)**

Total access revenues for the twelve months ended 31 December 2022 decreased by 10% compared to the corresponding prior year period. Retail PSTN/ISDN line rental and connection revenue decreased by 7%, primarily due to a 2% decline in retail PSTN and ISDN access lines in the same period. Wholesale access revenue declined by 12% compared to the corresponding prior year period, mainly due to a 13% decline in wholesale access lines in the same period.

Broadband rental and connection revenue decreased by 11% for the twelve months ended 31 December 2022. The number of broadband lines decreased by 1% to 953,000, due to a 3% decrease in wholesale broadband lines, partly offset by a 1% increase in retail broadband lines.

We continue to address retail fixed line losses and broadband churn with a number of programmes, including rolling out high speed broadband and offering competitive bundled telecommunications services including mobile and TV. As of 31 December 2022, the roll out of our high speed fibre network had passed approximately 2 million Irish premises, with over 844,000 retail and wholesale customers connected to fibre broadband services. As of 31 December 2022, 45% of eir’s consumer households were subscribed to three or more services from eir’s offerings across broadband, mobile, TV and telephony, an increase of 5 percentage points compared to 31 December 2021.

Voice Traffic

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

	For the twelve months ended		
	31 Dec 2021 (unaudited)	31 Dec 2022 (unaudited)	% Change
	€m	€m	
Voice traffic revenue			
Retail	138	150	8%
Wholesale (including Foreign Inpayments)	29	22	(23%)
Total voice traffic revenue	**167**	**172**	**3%**
Voice traffic minutes (in millions of minutes, except percentages)			
Retail	972	635	(35%)
Wholesale (including Foreign Traffic Minutes)	2,794	2,426	(13%)
Total voice traffic minutes	**3,766**	**3,061**	**(19%)**

Group voice traffic revenue for the twelve months to December 2022 increased by 3% or €5 million year on year. Retail voice traffic revenue increased by 8%, notwithstanding a 35% decline in retail traffic minutes, wholesale voice traffic revenue decreased by 23%, driven by a 13% decline in wholesale traffic minutes for the period.

Blended Consumer Fixed ARPU

	For the twelve months ended	
(€ per month/percentages)	**31 Dec 2021**	**31 Dec 2022**
Blended consumer fixed ARPU[(1)(2)(3)]	49.1	48.8
Increase/(decrease) in blended ARPU from prior equivalent period (%)	(2%)	(1%)

The blended consumer fixed ARPU for the twelve months ended 31 December 2022 decreased by 1% when compared to the corresponding prior year period, primarily due to a decline in out-of-bundle usage and retention discounting.

Data communications

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

	For the twelve months ended		
	31 Dec 2021 (unaudited)	31 Dec 2022 (unaudited)	% Change
	€m	€m	
Data communications revenue			
Leased lines	60	66	9%
Switched data services	13	9	(33%)
Next generation data services	41	39	(4%)
Total data communications revenue	**114**	**114**	**(1%)**

Data communications revenue for the twelve months to December 2022 decreased by 1%. A decrease of 33% in legacy switched data services revenue as well an 4% decrease in Next generation data services revenue were offset by an increase in leased lines revenue of 9% for the period.

(1) We define "Blended consumer fixed ARPU" as the average of the total consumer subscriber revenue (3) divided by the average number of access subscribers (including SABB) (2) in each month (adjusted to reflect the average number of days in the month).

(2) 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.

(3) Subscriber revenue is equal to total fixed line consumer revenue excluding revenue from eir Sport and Operator Services.

Other products and services

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

	For the twelve months ended		
	31 Dec 2021 (unaudited)	31 Dec 2022 (unaudited)	% Change
	€ m	€ m	
Subsidiaries and Other			
Evros	88	114	31%
eir UK	14	12	(19%)
Tetra	21	5	(78%)
Managed services and solutions	37	42	13%
National Broadband Access	17	25	44%
TV and content	19	14	(35%)
Data centre	7	8	15%
Other revenue	36	52	44%
Subsidiaries and Other Revenue	**239**	**272**	**14%**

Other products and services revenue for the twelve months to December 2022 increased by 14% or €33 million year on year. The increase was driven by a €26 million increase in Evros revenue mainly due to the consolidation of Evros from March 2021. This was offset by a €16 million decrease in Tetra revenue as a result of the sale of eir's shareholding in Tetra in March 2022. In the same period, eir UK revenues decreased by €2 million or 19% driven by the loss of a large contract, while TV and content decreased by €5 million driven by the decision to exit sport content. In contrast, access rental revenues in supply to the National Broadband Plan (NBP) increased by €8 million or 44% year on year as demand continues to grow. Managed Services and Solutions also increased by €5 million or 13% year on year.

Mobile services revenue

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

	For the twelve months ended		
	31 Dec 2021 (unaudited)	31 Dec 2022 (unaudited)	% Change
	€m	€m	
Mobile revenue			
Prepay handset	68	64	(5%)
Postpay handset (incl. M2M)	166	175	6%
Mobile broadband	10	12	25%
Roaming	12	12	-%
Other	67	63	(7%)
Total mobile revenue	**323**	**326**	**1%**
Mobile subscribers			
Prepay handset customers	333	334	1%
Postpay handset customers (incl. M2M)	845	924	9%
Mobile broadband customers	46	58	26%
Of which are prepay customers	*2*	*1*	*(33%)*
Of which are postpay customers	*44*	*57*	*22%*
Total mobile subscribers	**1,224**	**1,316**	**8%**

Total mobile revenue for the twelve months to 31 December 2022 of €326 million increased by 1% or €3 million year on year.

Prepay handset revenue declined by 5% or €4 million year on year, mainly due to a decline in the average prepay handset customers base YoY, partly driven by migration of customers to postpay contracts.

Postpay handset revenue increased by 6% or €9 million year on year, primarily driven by an increase in postpay handset (including M2M) subscribers of 9% or 79,000 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 25% or €2 million year on year, driven by growth in the mobile broadband base of 20% or 12,000 subscribers. Roaming revenue remained stable at €12 million year on year, and other mobile revenue at €63 million decreased by €4 million.

There were a total of 1,316,000 mobile subscribers as at quarter end, an increase of 8% 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 2 percentage points year on year, representing an increase of 91,000 net additional postpay subscribers (including mobile broadband and M2M subscribers).

Mobile ARPU

The following table shows the monthly average revenue per user (ARPU):

	For the twelve months ended	
(€ per month)	**31 Dec 2021 (unaudited)**	**31 Dec 2022 (unaudited)**
Total mobile ARPU[(1)(2)(3)]	**19.6**	**18.9**
Increase/(decrease) in mobile ARPU from prior equivalent period (%)	(6%)	(4%)

Total mobile ARPU of €18.9 (per month) for the twelve months ended 31 December 2022 decreased by 4% when compared to the corresponding prior year period, mainly due to a change to the mobile base mix, with increased SIMO and bundle subscribers.

(1) We define "Total mobile ARPU" as the total mobile subscriber revenue in a period divided by the average number of mobile subscribers in the year divided by the number of months in the year.

(2) 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 period and the total number of mobile subscribers at the end of the period.

(3) Mobile ARPU excludes the impact of IFRS 15 implementation.

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 twelve months ended		
	31 Dec 2021 (unaudited)	31 Dec 2022 (unaudited)	% Change
	€m	€m	
Cost of sales			
Foreign outpayments	7	6	(16%)
Interconnect	39	33	(16%)
Equipment cost of sales	42	51	23%
Subsidiaries (eir Evo, EUK & Tetra)	63	78	24%
Other including TV,NBP, ICT & managed services	94	83	(11%)
Total cost of sales	**245**	**251**	**3%**
Pay costs			
Wages and salaries and other staff costs	197	201	2%
Social welfare costs	14	16	11%
Pension cash costs—defined contribution plans	5	5	10%
Pension cash costs—defined benefit plans	9	6	44%
Pay costs before non-cash pension charge and capitalisation	**225**	**228**	**2%**
Capitalised labour	(42)	(44)	6%
Total pay costs before non-cash pension charge	**183**	**184**	**1%**
Non pay costs			
Materials and services	14	10	(32%)
Other network costs	16	15	(6%)
Accommodation	62	60	1%
Sales and marketing	11	10	5%
Provision for credit losses	4	7	81%
Transport and travel	7	9	22%
Customer services	6	7	19%
Insurance and compensation	4	4	(1%)
Professional and regulatory fees	5	5	4%)
IT costs	15	15	4%
Other non-pay costs	2	5	113%
Total non-pay costs	**146**	**147**	**1%**
Operating costs before non-cash pension charge, non-cash fair value lease credits, management charge, amortisation, depreciation of PPE, and exceptional items	**574**	**582**	**1%**
Non cash pension charge/(credit)	3	6	N.M
Non cash fair value lease credits	(1)	(1)	N.M
Management charge	7	7	0%
Operating costs before amortisation, depreciation of PPE, and exceptional items	**583**	**594**	**3%**

Total operating costs before non-cash pension charge, amortisation, depreciation of PPE, and exceptional items of €582 million for the twelve months to December 2022 increased by 1% or €8 million year on year.

Cost of Sales

Cost of sales for the twelve months ended 31 December 2022 were €251 million, an increase of 3% or €6 million when compared to the corresponding prior year period. Foreign outpayments and interconnect payments to other telecommunications operators both decreased by 16%, driven by reduced traffic and international roaming costs. Equipment cost of sales decreased by 23% due to timing of commercial investment. Other cost of sales decreased by 11%, primarily driven by large one off sales in the prior year as well as a reduction in TV and content costs.

Pay Costs

Total pay costs before non-cash pension charges for the twelve months ended 31 December 2022 were €184 million, an increase of 1% or €1 million compared to the corresponding prior year period. The increase in pay costs was primarily due to the consolidation of Evros pay costs. FTE headcount was 3,478 at 31 December 2022, representing a net increase of 3% or 117 FTE compared to the prior year period, driven by the consolidation of Evros FTE, partially offset by additional voluntary redundancy activity.

Non Pay Costs

Total non-pay costs for the twelve months ended 31 December 2022 were €147 million, an increase of 1% or €1 million compared to the corresponding prior year period. Provision for credit losses increased by €3 million driven by one off provision releases in the prior year. Other non-pay costs increased by €3 million driven by one off credits in the prior year. Other network costs decreased by €1 million or 6% driven by decreased mobile site maintenance costs

Non-cash pension charge

The non-cash pension charge represents the difference between the amount of cash contributions that we have 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 we apply in measuring our EBITDA. As a result, we include the non-cash pension charge as an adjustment to our EBITDA.

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 increased by 13%, or €5 million, from €38 million for the twelve month period ended 31 December 2021 to €43 million for the twelve month year ended 31 December 2022. The increase is due to higher amortisation on computer software and customer relationships as a result of the acquisition of Evros Technology Group in the prior year.

Depreciation

Depreciation charges decreased by 7%, or €19 million, from €263 million for the twelve month period ended 31 December 2021 to €244 million for the twelve month year ended 31 December 2022. The decrease is partly due to the reduction in the fair value accounting adjustment relating to the acquisition of eircom Limited assets in 2012 and partly due to lower depreciation on property assets due to the disposal of certain properties and assets being fully depreciated.

Depreciation of right of use assets

The depreciation charge on right of use assets for the twelve month year ended 31 December 2022 was €50 million, which is more or less in line with the €49 million for the corresponding twelve month period ended 31 December 2021.

Exceptional Items

For the twelve month year ended 31 December 2022, our exceptional charge of €208 million included €151 million for strategic related costs €25 million for restructuring programme costs, €5 million for group re-organisation costs, €1 million for Covid-19 related costs, €1 million for onerous contracts and €25 million for legal and other matters arising in the year. The €151 million for strategic related costs mainly relates to 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 subsidiary with InfraVia, Fibre Networks Ireland Limited. The group also incurred various other costs in relation to the sale of the fibre business in the year ended 31 December 2022.

For the twelve month period ended 31 December 2021, our exceptional charge of €64 million included €26 million for restructuring programme costs, €20 million for impairment on Setanta Sports Ireland goodwill, €5 million for strategic review and other corporate related costs, €4 million for group re-organisation costs, €1 million for Covid-19 related costs, €1 million for onerous contracts and €7 million for certain legal matters arising in the period.

Finance costs (net)

Net finance costs decreased by 10.5%, or €10 million, from €95 million for the twelve month period ended 31 December 2021 to €85 million for the twelve month year ended 31 December 2022. The decrease is mainly due to discounts on redemption of Senior Secured Notes and gain on extinguishment of debt of €31 million (debt purchased below par) offset by €15 million of interest costs and amortisation of debt fees on the new Facility B borrowings for Fibre Networks Ireland Limited and €5 million write off of debt issue costs as a result of the group repurchasing its Senior Secured Notes.

Taxation

The tax charge for the twelve month year ended 31 December 2022 was €17 million, compared to the prior corresponding period tax charge of €24 million, a decrease of €7 million. The decrease is due to a one off deferred tax charge on right of use assets and lease liabilities for Masts site access provided for in the prior twelve month period ended 31 December 2021.

Liquidity

The table below sets out certain information related to our cash flows.

	For the financial period ended		For the twelve months ended	
(€ in millions)	**31 Dec 2021**	**31 Dec 2022**	**31 Dec 2021**	**31 Dec 2022**
Cash flows from operating activities				
Cash generated from operations	898	436	627	436
Interest received	-	1	-	1
Interest paid	(151)	(115)	(103)	(115)
Income tax paid	(47)	(43)	(37)	(43)
Net cash generated from operating activities	700	279	487	279
Cash flows from investing activities				
Disposal of subsidiary undertaking/joint venture	298	76	-	76
Acquisition of subsidiary undertaking, net of cash acquired	(58)	-	(58)	-
Purchase of property, plant and equipment (“PPE”)	(354)	(243)	(198)	(243)
Purchase of intangible assets	(49)	(44)	(47)	(44)
Proceeds from sale of PPE	4	-	3	-
Proceeds from sale of ROU assets	4	-	4	-
Restricted cash	2	(55)	-	(55)
Net cash used in investing activities	(153)	(266)	(296)	(266)
Cash flows from financing activities				
Dividends paid to equity shareholders	(450)	(800)	-	(800)
Payment of principal on lease liabilities	(63)	(47)	(42)	(47)
Proceeds from disposal of subsidiary interest to non-controlling interest	-	624	-	624
Proceeds from borrowings	-	765	-	765
Repayment on borrowings	-	(47)	-	(47)
Repayment of 3.5% Senior Secured Notes	-	(144)	-	(144)
Repayment of 1.75% Senior Secured Notes	-	(69)	-	(69)
Repayment of 2.625% Senior Secured Notes	-	(59)	-	(59)
Debt fees paid in respect of new loan borrowings	-	(18)	-	(18)
Net cash (used in)/generated from financing activities	(513)	205	(42)	205
Net increase in cash, cash equivalents and bank overdrafts	34	218	149	218
Cash, cash equivalents and bank overdrafts at beginning of financial period	255	289	140	289
Cash, cash equivalents and bank overdrafts at end of financial period	**289**	**507**	**289**	**507**

Net cash generated from operating activities

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

Net cash generated from operating activities decreased by €208 million from €487 million for the twelve month period ended 31 December 2021 to €279 million for the twelve month year ended 31 December 2022. The decrease of €208 million is mainly due to 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 subsidiary with InfraVia, Fibre Networks Ireland Limited ("FNI"). There were additional cash payments in the year of €32 million relating to the sale of the fibre business and other exceptional items. Also, during the year, there were higher working capital outflows of €30 million and higher interest payments as a result of the new FNI Facility B borrowings.

Cash flows from investing activities

Total cash used in investing activities was €266 million for the twelve month year ended 31 December 2022, compared with €296 million for the prior corresponding twelve month period, a decrease in cash used of €30 million. The decrease in cash used is a result of a one off receipt in 2022, where the group sold its majority stake in Tetra with proceeds of €76 million received in the year.

During the twelve month period ended 31 December 2021, the group acquired Evros Technology Group, a leading IT services provider, and paid €58 million, net of cash acquired, on the acquisition.

During the twelve month year ended 31 December 2022, payments for capital expenditure (cash) were €287 million, compared with €245 million for the prior twelve month period ended 31 December 2021, an increase of €42 million. The high level of capital expenditure payments shows the continued commitment by the group to invest in key projects in order to facilitate the transformation of the business.

During the twelve month year ended 31 December 2022, we transferred €55 million to a restricted cash deposit in respect of a spectrum licence application.

During the twelve month period ended 31 December 2021, the group sold a number of properties and mast sites, and after allowance for certain costs relating to the disposals, received net proceeds of €3 million and €4 million respectively.

Cash flows from financing activities

During the twelve month year ended 31 December 2022, the group sold a minority stake in its new subsidiary, Fibre Networks Ireland Limited, to InfraVia with proceeds of €624 million received on the disposal.

The group's subsidiary with InfraVia, Fibre Networks Ireland Limited ("FNI"), entered into Facility B borrowings of €765 million under a new Senior Facilities Agreement. Debt fees directly attributable to the new FNI borrowings of €18 million were paid during the year.

During the twelve month year ended 31 December 2022, the group made cash payments of €47 million on the Facility B borrowings, €144 million on the 3.5% Senior Secured Notes, €69 million on the 1.75% Senior Secured Notes and €59 million on the 2.625% Senior Secured Notes (debt purchased below par).

The group's principal payments on lease liabilities were €47 million for the twelve month year ended 31 December 2022 compared to €42 million for the twelve month period ended 31 December 2021. The €5 million increase is mainly due to new lease commitments on masts site access.

In April 2022, a dividend distribution of €300 million was paid to our equity shareholder, Wexford Limited and subsequently, in July 2022, a further dividend distribution of €500 million was paid to our shareholder.

Capital resources

Liquidity describes the ability of a company to generate sufficient cash flows to meet the cash requirements of its business operations, including working capital needs, capital expenditures, debt service obligations, other commitments, contractual obligations and acquisitions. Our primary sources of liquidity have been and will be cash flow generation from our operations and permitted borrowings, including the Revolving Facility and the issuances of debt securities, as well as the potential sale of non-core assets. We may, from time to time, decide to repurchase bonds on the open market. Further information on our capital resources is disclosed in the notes to the consolidated financial statements of eircom Holdings (Ireland) Limited contained elsewhere in this Annual Report.

Contractual obligations and commitments

The following table sets out eircom Holdings (Ireland) Limited's contractual obligations and commitments (excluding interest) as they fall due for payment.

(€ in millions)	Within 1 Year	Between 1 & 2 Years	Between 2 & 5 Years	After 5 Years	Total
As of 31 December 2022					
Other borrowings	-	280	1,921	765	2,966
Lease liabilities	76	72	182	492	822
Capital commitments	62	-	-	-	62
Total	138	352	2,103	1,257	3,850

Capital Expenditures and Investments

The following table shows our incurred capital expenditures including non-cash pension charges defined as additions of property, plant and equipment and intangible assets for the periods indicated.

	For the financial period ended	
(€ in millions)	**31 Dec 2021**	**31 Dec 2022**
Property, plant and equipment	383	247
Intangible assets	41	39
Total capital expenditure	**424**	**286**

For the year ended 31 December 2022 our (accrued) capital expenditures amounted to €286 million, which related primarily to expenditures on our network as well as IT. Of the total capital expenditures, €247 million related to network, plant and equipment and €39 million related to IT intangible assets.

Off-Balance Sheet Arrangements

As of 31 December 2022 we had no off-balance sheet arrangements.

Contingent Liabilities

We are subject to a number of lawsuits, claims and disputes with third parties, which give rise to contingent obligations. For a description of certain of these matters, see "*Business – Litigation*".

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to various market risks, including interest rate fluctuations, credit and liquidity risks associated with our underlying assets, liabilities, forecast transactions and firm commitments. Our treasury department is responsible for managing exposure to market risk that arises in connection with operations and financial activities, including interest rate, foreign currency exchange rate, credit and liquidity and management of the credit risk of counterparty institutions selected to hold assets.

The following sections discuss our significant exposures to market risk. The following discussions do not address other risks that we face in the normal course of business, including legal risk - see *"Risk Factors"*.

Interest Rate Risk Management

We are exposed to market risks as a result of changes to interest rates. Financial liabilities issued at floating rates, such as those under our Senior Facilities, expose us to cash flow interest rate risk, while fixed rate financial liabilities expose us to fair value interest rate risk. We manage our net exposure to interest rate risk through the proportion of fixed rate financial debt and variable rate financial debt in our total financial debt portfolio. To manage this mix, the group currently has €1,151 million of fixed rate Senior Secured Bonds outstanding, for which there is no exposure to interest rate risk.

Also, during the year, the group entered into four interest rate swaps with a total notional principal amount of €536 million, with a maturity date of 31 May 2026. These swaps have the effect of fixing the floating rate part of the interest rate payable under €536 million of the €765 million Facility B debt to 1.463% for €383 million and 2.563% for €153 million for the duration of the swaps.

Further details are included in the notes to the consolidated financial statements of eircom Holdings (Ireland) Limited contained elsewhere in this Annual Report.

Foreign Exchange Rate Risk Management

We operate mainly in the currency of the primary jurisdiction in which we operate the euro. Our exposure to currency risk has therefore been limited.

As much as possible, we use foreign currency inflows for our foreign currency outflows. If necessary, we buy foreign currency shortly before the transaction. If any material exposure arises, we may enter into foreign exchange rate hedging instruments in the ordinary course of business and not for speculative purposes.

Credit Risk Management

Financial instruments that could potentially subject us to concentrations of credit risk consist primarily of cash, trade receivables and securities, investments and deposits.

We have a limited exposure to concentrations of credit risk with respect to trade accounts receivable due to our large and diverse customer base (residential and a broad range of business customers). In addition, the maximum value of the credit risk on these financial assets is equal to their recognised net book value.

We seek to minimise credit risk through preventative credit checks. We also seek to minimise credit risk by preferring contracts that provide for the use of automatic payment methods with the aim of reducing the underlying credit risk.

Credit risk relating to cash and cash equivalents, derivative financial instruments and financial deposits and money market funds arises from the risk that the counterparty becomes insolvent and, accordingly, is unable to return the deposited funds or execute the obligations under the derivative transactions as a result of the insolvency.

To mitigate this risk, wherever possible, we conduct transactions and deposit funds with investment-grade rated financial institutions and monitor and limit the concentration of our transactions with any single party. We also have a detailed treasury policy which provides a framework and parameters for managing the financial risks associated with the treasury functions.

Our maximum exposure to credit risk (not taking into account the value of any collateral or other security held) in the event the counterparty fails to perform its obligations in relation to each class of recognised financial assets is the carrying amount of those assets as indicated on our balance sheet.

Liquidity Risk

Liquidity risk arises primarily in connection with cash flows generated and used in financing activities, and particularly by capital expenditure servicing indebtedness, in terms of both interest and principal, and from all of our payment obligations that result from business activities. In general, we manage our liquidity risk by monitoring our cash flow and rolling liquidity reserve forecast in order to ensure that we have sufficient committed facilities to meet our liquidity needs.

Critical Accounting Estimates

The preparation of our financial statements requires our management to make assumptions that affect the reported amount of assets and liabilities at the date of our balance sheet and the reported amounts of revenue and expenses during the fiscal period. Estimates and judgments used in the determination of reported results are continuously evaluated.

Estimates and judgements are based on historical experience and on various other factors that are believed to be reasonable in the circumstances. Actual results may differ from these estimates under different assumptions or conditions. Our significant accounting policies and a description of our use of estimates and judgments are disclosed in the notes to our consolidated financial statements as of and for the financial year ended 31 December 2022 included elsewhere in this Annual Report (see Note 5 to the eircom Holdings (Ireland) Limited consolidated financial statements for the year ended 31 December 2022 contained elsewhere in this Annual Report).

8. RISK FACTORS

The risks included in this section may not be an exhaustive list of the risks we may face. Additional risks and uncertainties not presently known to us, or that we currently believe to be immaterial, may also impair our business, financial condition, and results of operations. If any of the possible events described below were to occur, our business, financial condition, and results of operations could be materially and adversely affected. If that happens, we may not be able to pay interest or principal on our financial indebtedness, including the Notes, when due and our creditors, including holders of the Notes, could lose all or part of their investment. Additional risks relating to the terms of the Notes (Risks Related to the Notes) and the structure of offerings of the Notes (Risks Related to Our Structure) were disclosed in the relevant offering memorandum prepared for the purposes of the offerings of the Notes.

Risks Related to Our Business and Industry

We are dependent on Ireland for substantially all of our revenue and our business would be negatively impacted if the Irish economy were to falter.

We generate virtually all of our revenue in Ireland, where substantially all of our customers are located. Demand for our products and services is influenced by a number of factors, including the strength of the Irish economy. While the Irish economy has been rebounding from the impact of the Covid-19 pandemic, with the Central Bank of Ireland forecasting GDP growth of 12% and modified domestic demand of 8% in 2022, our business and results of operations could potentially be impacted by an economic downturn.

Increasing competition in the Irish fixed line telecommunications market makes our fixed line business vulnerable to further market share loss and decreasing revenue and/or margins, which could have a material adverse effect on our business, financial condition and results of operations.

As a former national telecommunications incumbent, our business has been adversely affected by customers switching legacy voice and broadband services to those offered by multinational competitors including Virgin Media, Sky, Vodafone, Three and other smaller operators. The level of competition we face may continue to increase as a result of increasing network convergence, which has facilitated the emergence of competitively priced bundles of services including combinations of fixed voice, broadband, mobile, TV and entertainment services.

Our fixed line telecommunications services are subject to extensive regulation and regulatory initiatives aimed at increasing infrastructure based competition. Evolution of an adverse regulatory framework could have a negative impact on our results of operations.

The fixed line telecommunications services that we provide are subject to extensive regulation. ComReg regulates the manner in which we provide many of our retail and wholesale services and the prices at which they are provided, and is mandated to pursue a policy of fostering increased competition in the Irish fixed line telecommunications market. In addition, the Minister for Climate Action and Communications Networks may, in the interests of proper and effective regulation of the Irish fixed line telecommunications market, give policy directions to ComReg to be followed in the exercise of its regulatory functions.

If we are unable to maintain a favourable brand image or maintain a positive customer experience, we may be unable to retain existing and/or attract new customers, leading to loss of market share and revenue.

Our ability to attract new customers and retain existing customers depends in part on our ability to maintain a favourable brand image and to ensure a good level of customer experience. The telecommunications market is driven by, among other factors, customer satisfaction, which may be impacted by a variety of factors, including customer's perception of the overall package, price-value ratio of services, network quality, coverage, functionality and speed and operator's ability to solve customer problems in a fast and efficient way (customer service). We have been working on a number of initiatives to improve customer service, including insourcing the services to new regional care hubs and simplifying our IT systems.

We depend upon the proper functioning of our network, IT, billing and customer relationship management systems and must continuously upgrade these systems.

We must continue to maintain and upgrade our network, IT, billing and customer relationship management systems in a timely manner in order to retain and expand our subscriber base. In particular, a number of business facilities, including our data centre and IT systems, have limitations and a large number of customers remain on old, inflexible systems with limited experienced staff to support and develop them. While our intention is that these facilities and systems will be replaced as part of our IT transformation projects, there is a risk that our business will be unable to replace certain facilities and/or systems without disruption to customers, on time, or within budget. Moreover, the complexity of our current IT systems may affect our ability to launch new services in a timely manner.

Our increasing dependence on information technology systems to provide services and run our business exposes us to risks of hacking, piracy, terrorist or cyber-attacks, security breaches, natural disasters, casualties or facilities/systems failure, which could damage our business and potentially lead to regulatory penalties.

Our IT systems, facilities (some of which are owned by third parties) and fixed line and mobile networks, and the services that we provide, may be subject to damage or disruptions resulting from criminal or terrorist acts or as a result of malicious hacking, piracy or cyber-attack, or from numerous other events, including infrastructure defects, fire, flood, storm or other natural disasters, power outages, unanticipated IT problems, computer viruses and equipment, system or infrastructure failures. Customers or others may also misuse our networks in ways that could damage our reputation and result in regulatory or other measures that increase our costs. Our business continuity plans and our network and IT security policies and procedures may not be sufficient to prevent or mitigate the impact of any such damage, disruption, economic loss or regulatory penalties.

We collect and process subscriber data as part of our daily business and the leakage of such data may violate laws and regulations which could result in substantial fines, loss of reputation and the loss of customers and adversely affect our business. The risk of significant fines associated with a data protection breach has increased due to the implementation of the new EU General Data Protection Regulation (GDPR) in May 2018.

While we take precautions to protect subscriber data in accordance with the privacy requirements provided for under applicable laws, these precautions might not be successful and certain subscriber data may be exposed due to human error or technological failure or otherwise be used inappropriately either by us or by our third party service providers. For example, the EU General Data Protection Regulation (“GDPR”) was implemented on 25 May 2018 and introduced new compliance obligations in relation to the commercial use of personal data, which includes our subscriber data. This regulation also introduced the potential for significant fines of up to €20,000,000 or 4% of total worldwide annual Group turnover of the preceding financial year, whichever is higher, for non-compliance. The proposal for a new EU e-privacy Regulation to repeal and replace the current e-Privacy Directive 2002/58/EC could potentially include provisions for increased fines. Due to these increased fines, a breach of data protection regulations could, therefore, have a material adverse effect on our business and results of operations.

Our obligations under our employee pension schemes could adversely impact our cash flows, results of operations, financial condition and ability to pay dividends.

We operate a defined benefit pension scheme for approximately 1,051 employees as of 31 December 2022. The pension scheme also covers a significant number of past employees, including approximately 1,715 deferred members and approximately 12,346 pensioners as of 31 December 2022. The eircom Superannuation Fund satisfied the requirements of Part IV of the Pensions Act 1990 (the Funding Standard and Funding Standard Reserve) as of 31 March 2022 – the date of the last full triennial actuarial valuation and the last scheme year end - and no additional funding, beyond regular employer and employee contributions, was required. If the scheme, however, were to go into deficit under the Funding Standard or actuarial valuation basis, the trustees might seek increased funding to restore the balance or, alternatively, either the trustees or the Group could seek to make changes to the scheme. Although we would likely take actions to limit any additional funding requirement, in such circumstances we may be obliged to make increased contributions to the pension scheme, which might in turn result in increased costs and cash outflows and have a material adverse effect on our business, financial condition and results of operations

We may suffer unforeseen costs and significant impacts to services and operations as a result of serious storms or floods that impact our network infrastructure, the threat of which may be increasing as a result of climate change.

We have previously suffered significant costs in repairing our infrastructure from the effects of storms and floods. While no associated storm costs were recognised in the financial periods ended 31 December 2021 or 31 December 2022, climate change may increase the likelihood of such weather volatility and unusually severe storms in the future, and we may suffer increasing damage from storms and floods, requiring increased costs to repair and degrading our service performance, which could result in customer dissatisfaction and adverse regulatory action. This could have a material adverse effect on our business, financial condition and results of operations.

Risks Relating to Regulatory and Licensing Matters – Fixed Line Business and Mobile Business

ComReg periodically issues pricing decisions covering our services, which may have a negative impact on our fixed line revenue and operating profit.

ComReg requires us to provide wholesale services to OAOs and regulates the prices at which we offer these services. Our regulated services—which include, for example, access to our physical network infrastructure, unbundled local loop access services, wholesale CGA and NGA broadband access (“WBA”) services, leased lines and interconnection services—generally are subject to access, non-discrimination, transparency and price control obligations, including cost orientation obligations and/or margin squeeze tests. ComReg has imposed cost orientation obligations using a number of costing methodologies. Since 2018 ComReg have required eir to have cost-oriented prices for its FTTC-based WBA services. FTTC prices are cost oriented and FTTH rental prices are subject to a margin squeeze between FTTH retail offers and the downstream wholesale service needed to replicate that retail offer and a wholesale margin squeeze between FTTH bitstream and FTTH virtual unbundled access. ComReg have imposed cost oriented price controls for access to eir's Civil Engineering Infrastructure (CEI), i.e. ducts and poles.

On 20 December 2021 ComReg issued Decision D11/21, which proposes to set, inter alia, lower FTTC broadband prices. eir issued proceedings to the High Court appealing the Decision in January 2022. The appeal was heard in July 2022, and a ruling is awaited from the High Court. No date has been given for this ruling.

In January 2023 ComReg has published it consultation on new market analyses. The consultations consider a: (i) Wholesale Local Access market review; (ii) Wholesale Central Access market review and (iii) Physical Infrastructure Access market review, which relates to the access and pricing obligations of civil engineering for Ducts and Poles.

We must also obtain prior ComReg approval before we can offer certain new services, including services relating to NGA, wholesale broadband, wholesale leased lines and any retail bundle with a broadband rental component, and before we can change the price of existing wholesale regulated services which places restrictions on our ability to launch new services and product pricing. An ongoing positive regulatory environment is required to support continued network investment and roll-out.

Regulatory investigations and litigation may lead to fines or other penalties.

ComReg and other regulatory bodies occasionally make enquiries and conduct investigations concerning our compliance with applicable laws and regulations which may lead to fines and other penalties that could have an adverse impact on our financial condition and results of operations. Our settlement agreement with ComReg in December 2018 provides for an independent committee with oversight functions for our compliance with our regulatory requirements. Further regulatory intervention could result in similar changes that could have an adverse impact on our business, financial condition and results of operations.

Changes to our regulated weighted average cost of capital could have an adverse impact on our revenue and results of operations.

On On 28 June 2022 ComReg published the outcome of its review (ComReg 22/47) amending the fixed line WACC to 5.29%. Any reduction in our regulated weighted average cost of capital could have an adverse impact on our revenue and results of operations.

Risks Related to Our Financial Profile

Our substantial leverage and debt service obligations could adversely affect our business and prevent us from fulfilling our obligations with respect to our financial indebtedness.

We are highly leveraged. As of 31 December 2022, we had total gross debt of €2,966 million, which includes the Notes, the amounts drawn under the Senior Facilities Agreement (including Facility B) and the Facility B borrowings of Fibre Networks Ireland.

The degree to which we are leveraged could have important consequences to our creditors, including holders of the Notes, including but not limited to:

- making it difficult for us to satisfy our obligations with respect to the notes, guarantees and other debts and liabilities;
- increasing our vulnerability to, and reducing our flexibility to respond to, general adverse economic and industry conditions;
- requiring the dedication of a substantial portion of our cash flow from operations to the payment of principal of, and interest on, indebtedness, thereby reducing the availability of such cash flow to fund working capital, capital expenditures, spectrum license payments, acquisitions, joint ventures, product research and development, subscriber acquisition costs or other general corporate purposes, as well as our ability to pay dividends to our shareholders;
- limiting our flexibility in planning for, or reacting to, changes to our business and the competitive environment and the industry in which we operate;
- placing us at a competitive disadvantage as compared to our competitors, to the extent that they are not as highly leveraged;
- limiting our ability to borrow additional funds and increasing the cost of any such borrowing; and

- limiting our options for refinancing the Notes and our other indebtedness when it falls due.

Any of these or other consequences or events could have a material adverse effect on our business, financial condition and results of operations, as well as our ability to satisfy our debt obligations, including the Notes.

We will require a significant amount of cash to meet our obligations under our indebtedness and to sustain our operations, which we may not be able to generate or raise.

Our ability to make principal or interest payments when due on our indebtedness, and to fund our ongoing operations, will depend on our future performance and our ability to generate cash, which is subject to general economic, financial, competitive, legislative, legal, regulatory and other factors, many of which are beyond our control. At the maturity of our various borrowings, if we do not have sufficient cash flows from operations and other capital resources to pay these debt obligations, or to fund our other liquidity needs or we are otherwise restricted from doing so due to corporate, tax or contractual limitations, we may be required to further refinance our indebtedness. If we are unable to refinance all or a portion of our indebtedness or obtain such refinancing on terms acceptable to us, we may be forced to reduce or delay our business activities or capital expenditures, sell assets, or raise additional debt or equity financing in amounts that could be substantial. The type, timing and terms of any future financing will depend on our cash needs and the prevailing conditions in the financial markets. We cannot assure you that we will be able to accomplish any of these measures in a timely manner or on commercially reasonable terms, if at all.

The loans under our Senior Facilities Agreement bear interest at floating rates. Such floating rates could rise significantly, increasing our costs and our cash flow.

The loans under our Senior Facilities Agreement bear interest at floating rates of interest per annum equal to EURIBOR, as adjusted periodically, plus a spread.

To the extent that interest rates were to increase significantly, our interest expense would correspondingly increase, reducing our cash flow. Although we may enter into and maintain certain hedging arrangements designed to fix a portion of these rates, there can be no assurance that hedging will continue to be available on commercially reasonable terms. Hedging itself carries certain risks, including that we may need to pay a significant amount (including costs) to terminate any hedging arrangements.

Risks Related to Our Ownership

Our shareholders and certain of our affiliates are highly engaged in our business, and adverse changes to our relationship could cause our operations to suffer.

We work closely with NJJ (the private holding company of entrepreneur and telecommunications investor Xavier Niel), Iliad S.A. and certain of our affiliates in the management of our operations. Our success is highly dependent on maintaining our relationship with Xavier Niel, one of our directors and our indirect majority shareholder, as well as other members of the NJJ team. If NJJ were to lose its key professionals, NJJ may need to replace such professionals, or we may need to find employees or other advisors to replace the services NJJ provides to us. Certain of our directors have significant duties with, and spend significant time serving, other entities and business opportunities and, accordingly, may have conflicts of interest in allocating time to our business. Any such factor may affect our business, financial condition and results of operations.

The interests of our principal shareholders may conflict with your interests.

The interests of our shareholders, in certain circumstances, may conflict with your interests as holders of the Notes. Our shareholders are able to appoint a majority of our Board of Directors and thereby indirectly to determine our corporate strategy, management and policies. In addition, our shareholders have control over our decisions to enter into any corporate transaction and have the ability to prevent any transaction that requires the approval of shareholders regardless of whether holders of the Notes believe that any such transactions are in their own best interests. For example, the shareholders could vote to cause us to incur additional indebtedness, to sell certain material assets or make dividends. The incurrence of additional indebtedness would increase our debt service obligations and the sale of certain assets could reduce our ability to generate revenue, each of which could adversely affect holders of the Notes. Conversely, our shareholders may have an interest in not pursuing acquisitions, divestitures and other transactions that could enhance our cash flow and be beneficial to you. In addition, the interests of the lenders of our Senior Facilities and our principal shareholders, in certain circumstances, may conflict with your interests as holders of the Notes.

We are ultimately controlled by NJJ. The interests of our principal shareholders in other companies in which they own a majority interest (including the majority interest in Iliad S.A. held by Xavier Niel) may also conflict with their interests in the company. So long as companies controlled by Xavier Niel collectively continue to own a significant amount of our capital stock, even if such amount is less than 50%, Xavier Niel will continue to be able to strongly influence or effectively control our decisions. The interests of NJJ or any of our other shareholders may not coincide with your interests. See “Principal Shareholders.”

9. MANAGEMENT

Directors and Senior Management

The board of directors of eircom Holdings (Ireland) Limited currently consists of 13 directors; a list of the board members is set forth in the table below:

Name	Position
David McRedmond................................	Non-Executive Chairman
Pierre-Alain Allemand	Non-Executive Director
Aoife Beirne	Non-Executive Director
Paddy Browne	Non-Executive Director
Frank Brunel..	Non-Executive Director
Pierre-Emmanuel Durand.......................	Non-Executive Director
Michael Golan	Non-Executive Director
Miriam Hughes......................................	Non-Executive Director
Rose Hynes..	Non-Executive Director
Xavier Niel	Non-Executive Director
Olivier Rosenfeld...................................	Non-Executive Director
Fiona Tierney...	Non-Executive Director
Alexandre Wauquiez	Non-Executive Director

The address of the Board of Directors of EHIL is at the registered office of EHIL.

Senior Management Team of eir

Our senior management consists of the following senior managers who are responsible for the business and administrative departments indicated below. Each of our senior managers is employed by the Company.

Name	Position
Oliver Loomes	Chief Executive Officer
Stephen Tighe...	Chief Financial Officer
Susan Brady...	Managing Director Consumer and Small Business
Brian Chapman...	Chief Information Officer
Guillaume Duhazé	Chief Technology Officer
Sandra Donoghue	Director of Human Resources
Kjeld Hartog	Director of Regulation and Public Policy
Eavann Murphy	Managing Director open eir Wholesale
Sorcha Nic Mhurchu................................	General Counsel
Sinead O’Gorman....................................	Managing Director Customer Operations
Una Stafford	Managing Director open eir Networks
Michelle Toner	Director of Corporate Communications
Martin Wells..	Managing Director eir evo

10. PRINCIPAL SHAREHOLDERS

Beneficial ownership

EHIL is a wholly owned subsidiary of Wexford Limited which is a wholly owned subsidiary of Toohil Telecom Holdings Limited (“Toohil”), which in turn is wholly owned by Carraun Telecom Holdings Limited (“Carraun”).

Carraun is majority owned and controlled by NJJ Holding SAS (“NJJ”), the private investment vehicle of Xavier Niel. NJJ and Iliad S.A. have investment interests in Toohil of 32.9% and 31.6% respectively. Anchorage Capital Group LLC and Davidson Kempner Capital Management LP, hold minority investment interests in Carraun of 26.6% and 8.9% respectively.

11. RELATED PARTY TRANSACTIONS

The following are descriptions of the material provisions of agreements and other documents between either the Issuer or eir and various individuals and entities that may be deemed to be related parties. For further information see Note 42 to the eircom Holdings (Ireland) Limited consolidated financial statements for the financial year ended 31 December 2022 contained elsewhere in this Annual Report.

Shareholders’ agreement

Wexford Limited is 100% owned by Toohil Telecom Holdings Limited, a wholly owned subsidiary of Carraun Telecom Holdings Limited (Carraun). Carraun entered into a shareholders’ agreement with its shareholders (NJJ Boru SAS, Burlington Loan Management DAC and ACMO S.A R.L) on 6 April 2018 for the purpose of regulating the relationship between Carraun and its shareholders.

12. GLOSSARY

"ARPU"	average revenue per user is a telecom industry metric generally calculated by dividing total revenue for a product group by the average number of subscribers during a period.
"FTTC"	Fibre to the Cabinet.
"FTTH"...	Fibre to the Home.
"Interconnect"	the connection of one telecom operator's network to another.
"IP" or "Internet protocol"	the protocol for data transfer between computer systems that provides a basic packet delivery service.
"ISDN"	Integrated Services Digital Network. An international standard which enables high speed simultaneous transmission of voice and/or data over the public telecommunications network.
"LLU"	Local loop unbundling, the regulatory process of allowing multiple telecommunications operators to use connections from the telephone exchange to the customer's premises,
"M2M"...	Machine to Machine.
"NBP"	National Broadband Plan.
"Next Generation Network"..........	a broad term that encompasses newer generation core and access network technologies with high capacities over which an operator is able to provide innovative services to its customers.
"NGA"	Next Generation Access fibre network.
"OAO" or "Other Authorised Operators".....................................	an authorised operator (other than eir) which operates telecommunications systems.
"Packet switching"........................	the process of routing and transferring data by means of addressed packets, so that a channel is occupied during the transmission of the packet only, and upon completion of the transmission, the channel is made available for the transfer of other traffic packets.
"PSTN" or "public switched telephone network"	a telecommunications network usually accessed by telephones, key telephone systems, private branch exchange trunks and data arrangements. A PSTN line consists of a single access channel.
"SABB"	Standalone broadband, a service consisting of provision of broadband internet over a fixed access path where voice service is not provided by the same supplier.
"SIMO"	SIM only.
"Switched data services"...............	services that are used to transfer data between specific points in a network by means of electronic, optical or electromechanical routing of signals, including frame relay, asynchronous transfer mode, and packet switching.
"Traffic".......................................	calls or other transmissions being sent and received over a communications network.
"Unbundled local loop"	under the provision of the regulations of the European Parliament and European Council on Unbundled Access to the Local Loop, we are obliged to provide unbundled local access services to other licensed operators.
"WACC"......................................	Weighted average cost of capital.
"WBA"	Wholesale broadband access.

13. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF EHIL FOR THE PERIOD ENDED DECEMBER 31, 2022

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF EIRCOM HOLDINGS (IRELAND) LIMITED

Report on the audit of the financial statements

Opinion

We have audited the non-statutory financial statements of eircom Holdings (Ireland) Limited ('the Company') and its subsidiaries ('the Group') for the period ended 31 December 2022, which comprise the Group Income Statement, Group Statement of Comprehensive Income, Group Balance Sheet, Group Cash Flow Statement, Group Statement of Changes in Equity and notes to the financial statements, including the summary of significant accounting policies set out in note 3. The financial reporting framework that has been applied in their preparation is International Financial Reporting Standards (IFRS) as adopted by the European Union.

In our opinion:

- the Group financial statements give a true and fair view of the assets, liabilities and financial position of the group as at 31 December 2022 and of its profit for the period then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's or the Company's ability to continue as a going concern.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Continued / …

Building a better
working world

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF EIRCOM HOLDINGS (IRELAND) LIMITED (Continued)

Other information (continued)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page F-4, the directors are responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework that give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or the parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf.

This description forms part of our auditor's report.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's directors, as a body, in accordance with our engagement letter dated 7 March 2023. Our audit work has been undertaken so that we might state to the Company's directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's directors, as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst + Young

Ernst & Young, Chartered Accountants
Dublin
21 March 2023

Statement of Directors' Responsibilities for Financial Statements
For the Year Ended 31 December 2022

The Directors are responsible for preparing the non-statutory consolidated financial statements for the bondholders in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union and for being satisfied that they give a true and fair view of the state of the group’s affairs at the end of the financial year and of the profit or loss and cash flows of the group for the financial year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- ensure that the financial statements comply with IFRS, as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the group’s website.

Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

These non-statutory consolidated financial statements have been approved for issue by the Directors on 20 March 2023.

eircom Holdings (Ireland) Limited

Group income statement

For the Year Ended 31 December 2022

	Notes	Period ended 31 Dec 2021 €m	Year ended 31 Dec 2022 €m
Revenue	6	1,801	**1,230**
Operating costs excluding amortisation, depreciation and exceptional items	7	(858)	**(592)**
Amortisation of intangible assets	7, 15	(66)	**(43)**
Depreciation of property, plant and equipment	7, 16	(395)	**(243)**
Depreciation of right of use assets	7, 17	(70)	**(50)**
Impairment of right of use assets	7, 17	(24)	**(13)**
Exceptional items	7, 8	(90)	**(208)**
Exceptional gain on exit from subsidiary/joint venture	7, 9	174	**68**
Profit/(loss) on disposal of property, plant and equipment	7, 10	1	**(2)**
Profit on disposal of right of use assets	7, 11	5	**-**
Operating profit		478	**147**
Finance costs	12 (a)	(141)	**(117)**
Finance income	12 (b)	-	**32**
Finance costs – net	12	(141)	**(85)**
Share of profit of investments accounted for using the equity method		12	**1**
Profit before tax		349	**63**
Income tax charge	13	(16)	**(17)**
Profit for the financial period		333	**46**
Attributable to:			
Equity holders of the parent		333	**130**
Non-controlling interests		-	**(84)**
		333	**46**

The revenue and operating profit arose solely from continuing operations.

The accompanying notes form an integral part of the financial statements.

eircom Holdings (Ireland) Limited

Group statement of comprehensive income
For the Year Ended 31 December 2022

	Notes	Period ended 31 Dec 2021 €m	Year ended 31 Dec 2022 €m
Profit for the financial period		333	**46**
Other comprehensive (expense)/income:			
Items that will not be reclassified to profit or loss			
Defined benefit pension scheme actuarial (losses)/gains:			
- Actuarial (losses)/gains	38	(113)	**371**
- Tax on defined benefit pension scheme actuarial losses/(gains)	30	14	**(46)**
		(99)	**325**
Items that may be reclassified subsequently to profit or loss			
Net changes in cash flow hedge reserve:			
- Fair value gain		-	**24**
- Tax on cash flow hedge movements		-	**(3)**
Currency translation differences		-	**(1)**
		-	**20**
Other comprehensive (expense)/income, net of tax		(99)	**345**
Total comprehensive income for the financial period		234	**391**
Attributable to:			
Equity holders of the parent		234	**465**
Non-controlling interests		-	**(74)**
		234	**391**

The accompanying notes form an integral part of the financial statements.

eircom Holdings (Ireland) Limited

Group balance sheet
As at 31 December 2022

	Notes	31 Dec 2021 €m	31 Dec 2022 €m
ASSETS			
Non-current assets			
Goodwill	14	242	**235**
Other intangible assets	15	192	**195**
Property, plant and equipment	16	1,300	**1,301**
Right of use assets	17	388	**369**
Retirement benefit asset	38	349	**716**
Derivative financial instruments	26	-	**17**
Deferred tax asset	19	2	**2**
Other assets	20	14	**13**
		2,487	**2,848**
Current assets			
Inventories	21	22	**37**
Trade and other receivables	22	187	**195**
Contract assets	23	31	**25**
Derivative financial instruments	26	-	**7**
Restricted cash	24	1	**56**
Cash and cash equivalents	25	287	**507**
		528	**827**
Assets held for sale	26	7	**-**
		535	**827**
Total assets		3,022	**3,675**
LIABILITIES			
Non-current liabilities			
Borrowings	29	2,537	**2,945**
Lease liabilities	17	575	**572**
Trade and other payables	32	39	**29**
Deferred tax liabilities	30	71	**109**
Provisions for other liabilities and charges	31	97	**87**
		3,319	**3,742**
Current liabilities			
Lease liabilities	17	52	**58**
Trade and other payables	32	501	**518**
Current tax liabilities		10	**-**
Provisions for other liabilities and charges	31	34	**36**
		597	**612**
Total liabilities		3,916	**4,354**
EQUITY			
Equity share capital	33	-	**-**
Capital contribution		62	**62**
Cash flow hedging reserve		-	**11**
Retained loss		(956)	**(1,302)**
Equity attributable to equity holders of the parent		(894)	**(1,229)**
Non-controlling interests		-	**550**
Total equity		(894)	**(679)**
Total liabilities and equity		3,022	**3,675**

The accompanying notes form an integral part of the financial statements.

eircom Holdings (Ireland) Limited

Group cash flow statement
For the Year Ended 31 December 2022

	Notes	Period ended 31 Dec 2021 €m	Year ended 31 Dec 2022 €m
Cash flows from operating activities			
Cash generated from operations	34(a)	884	**436**
Interest received		-	**1**
Interest paid		(151)	**(115)**
Income tax paid		(45)	**(43)**
Net cash generated from operating activities		688	**279**
Cash flows from investing activities			
Disposal of subsidiary undertaking/joint venture	9	298	**76**
Acquisition of subsidiary undertaking, net of cash acquired	43	(58)	**-**
Purchase of property, plant and equipment (“PPE”)		(344)	**(241)**
Purchase of intangible assets		(49)	**(44)**
Proceeds from sale of PPE		4	**-**
Proceeds from sale of ROU assets		4	**-**
Dividend received from joint arrangement		6	**-**
Restricted cash		2	**(55)**
Net cash used in investing activities		(137)	**(264)**
Cash flows from financing activities			
Dividends paid to equity shareholder		(450)	**(800)**
Payment of principal on lease liabilities		(63)	**(47)**
Proceeds from disposal of subsidiary interest to non-controlling interest		-	**624**
Proceeds from loan borrowings		-	**765**
Repayment on borrowings		-	**(47)**
Repayment of 3.5% Senior Secured Notes		-	**(144)**
Repayment of 1.75% Senior Secured Notes		-	**(69)**
Repayment of 2.625% Senior Secured Notes		-	**(59)**
Debt fees paid in respect of new loan borrowings		-	**(18)**
Net cash (used in)/generated from financing activities		(513)	**205**
Net increase in cash and cash equivalents		38	**220**
Cash and cash equivalents at beginning of financial period		249	**287**
Cash and cash equivalents at end of financial period	25	287	**507**

The accompanying notes form an integral part of the financial statements.

eircom Holdings (Ireland) Limited

Group statement of changes in equity
For the Year Ended 31 December 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 1 July 2020	-	62	-	(740)	-	(678)
Total comprehensive income for the financial period	-	-	-	234	-	234
Dividends relating to equity shareholder	-	-	-	(450)	-	(450)
Balance at 31 December 2021	-	62	-	(956)	-	(894)
Balance at 1 January 2022	**-**	**62**	**-**	**(956)**	**-**	**(894)**
Total comprehensive income for the financial year	**-**	**-**	**11**	**454**	**(74)**	**391**
Non-controlling interests arising on a business combination	**-**	**-**	**-**	**-**	**624**	**624**
Dividends relating to equity shareholder	**-**	**-**	**-**	**(800)**	**-**	**(800)**
Balance at 31 December 2022	**-**	**62**	**11**	**(1,302)**	**550**	**(679)**

The accompanying notes form an integral part of the financial statements.

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

eircom Holdings (Ireland) Limited is incorporated as a company limited by shares in Ireland, under the registered number 512352. The address of its registered office is 2022 Bianconi Avenue, Citywest Business Campus, Dublin 24. eircom Holdings (Ireland) Limited was incorporated on 23 April 2012. eircom Holdings (Ireland) Limited holds 100% of the issued share capital of two principal subsidiaries: eircom Finco Sarl and eircom Limited. eircom Finco Sarl, a company registered in Luxembourg, was incorporated on 24 May 2012.

On 11 June 2012, eircom Holdings (Ireland) Limited acquired 100% of the issued share capital of eircom Limited for €1.00 pursuant to a Scheme of Arrangement approved by the Irish High Court. The principal trading activities of the group are undertaken by eircom Limited and its subsidiaries. eircom Limited is the incumbent telecommunications operator in Ireland.

In the prior year, the group's financial year was amended to 31 December 2021 and for subsequent periods, the group's financial year ends on 31 December, starting with 31 December 2021. The comparative amounts in the financial statements are for the eighteen-month period ended 31 December 2021.

NJJ Holding SAS France, a company registered in France, is the ultimate holding company. Xavier Niel is the ultimate controlling party. Wexford Limited, a company registered in Jersey, is the immediate holding company.

2. Going concern
The financial statements have been prepared on the going concern basis.

The Directors believe that it is appropriate to adopt the going concern basis of accounting for the financial statements notwithstanding the net liability position of the group, as the Directors believe that based on the group's forecast of operational cash flows, and trading results, the group will be in a position to meet its obligations as they fall due for the foreseeable future. The net liabilities of the group, included in the balance sheet at 31 December 2022, include liabilities of €2,945 million in respect of borrowings which are measured at amortised cost, and the earliest date borrowings are due is 1 November 2024 for the €280 million 1.75% Senior Secured Notes. See Note 28 *Borrowings* for further information.

Having made due enquiries, the Directors have a reasonable expectation that the group will continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

The Directors have considered the impact of COVID-19 and the current situation in Ukraine and do not consider these to be events that would have a material impact on the financial statements.

3. Accounting policies
The significant accounting policies adopted by the group are set out below.

3.1. Basis of preparation
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and those parts of the Companies Act 2014 applicable to companies reporting under IFRS.

The financial statements have been prepared on the going concern basis (see Note 2). A summary of the more important accounting policies is set out below.

The financial statements, which are presented in euro, the group rounded to the nearest million, have been prepared under the historical cost convention except for the following:

- certain assets and liabilities measured at fair value upon acquisition;
- derivative financial instruments are stated at fair value; and
- pension obligations are measured at the present value of the future estimated cash flows related to benefits earned and pension assets are valued at fair value.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed throughout the Notes.

3. Accounting policies – continued

3.1. Basis of preparation

Standards, amendments and interpretations effective for the year ended 31 December 2022
There were no standards, amendments or interpretations effective for the year ended 31 December 2022 that had a material impact on the consolidated financial statements of the group. The group has not early adopted any standards, amendments or interpretations that have been issued but are not yet effective for the year ended 31 December 2022.

3.2. Basis of consolidation
The consolidated financial statements of the group comprise a consolidation of the financial statements of eircom Holdings (Ireland) Limited, and its subsidiaries and interests in joint ventures. The subsidiaries' and joint venture's financial period ends are all coterminous with those of eircom Holdings (Ireland) Limited included in the financial statements.

(i) *Subsidiaries*
Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. Subsidiaries are deconsolidated from the group from the date that control ceases.

(ii) *Joint arrangements*
Under IFRS 11 'Joint Arrangements' investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

The group held 56% of the equity share capital in Tetra Ireland Communications Limited ("Tetra"). However, the group's interest in Tetra was subject to a contractual agreement with other shareholders, which prevented the group from exercising a majority of voting rights in key strategic, operational and financial decision-making. Accordingly, the group's interest was accounted for as a joint venture in accordance with IFRS 11 'Joint Arrangements'. On 23 March 2022, the group sold its joint venture Tetra Ireland Communications Limited.

The group's interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet. The group's share of joint ventures post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are recorded against the carrying amount of the investment. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Unrealised gains on transactions between the group and its joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the group.

(iii) *Acquisitions*
The purchase method of accounting is used to account for all business combinations, except for business combinations involving entities under common control and group reorganisations. Under the purchase method of accounting, the cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree. The acquiree's identifiable assets and liabilities are recognised at their fair values at the acquisition date. Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the net fair value of the group's share of the identifiable assets, liabilities and contingent liabilities recognised. The interest of non-controlling interest shareholders in the acquiree is initially measured at the non-controlling interest's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised, and does not include a gross-up for goodwill. The results of subsidiaries acquired during the period are brought into the consolidated financial statements from the date control transfers to the group.

(iv) Disposals
The results of businesses sold during the period are included in the consolidated financial statements for the period up to the date control ceases. Gains or losses on disposal are calculated as the difference between the sale proceeds (net of expenses) and the net assets attributable to the interest which has been sold.

3. Accounting policies - continued

3.2. Basis of consolidation

(v) Acquisitions involving entities under common control

Business combinations involving entities under common control are not required to be accounted for using the purchase accounting method under IFRS. The group instead applies the predecessor accounting method for such transactions. Under the predecessor accounting method, which is also commonly referred to as the merger accounting method, the assets and liabilities acquired are recognised at the acquisition date at the carrying values stated in the consolidated financial statements of the highest entity which has common control for which consolidated IFRS financial statements are prepared. The goodwill recognised is limited to the goodwill previously recognised in the consolidated financial statements of the highest entity which has common control. The difference between the consideration and the net assets recognised at predecessor value is charged/credited to the merger reserve, in equity. The results of subsidiaries acquired during the period are brought into the consolidated financial statements from the date control transfers to the group.

3.3. Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets, liabilities and contingent liabilities recognised of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'.

Goodwill is not amortised. Instead, goodwill is tested for impairment annually and is carried at cost less accumulated impairment losses. Impairment losses on goodwill may not be reversed in any circumstances.

Goodwill is allocated to cash generating units for the purpose of impairment testing in accordance with IAS 36 "Impairment of Assets". The allocation is made to cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment. An impairment loss is recognised for the amount by which the cash generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. These calculations require the use of estimates, including management's expectations of future revenue, operating costs, profit margins and capital requirements for each cash generating unit.

Gains and losses on the disposal of a cash generating unit to which goodwill has been allocated include the carrying amount of goodwill relating to the entity sold.

3.4. Other intangible assets

Acquired computer software licences and associated costs are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. IT development costs include only those costs directly attributable to the development phase and are only capitalised following completion of a technical feasibility study and where the group has an intention and ability to use the asset which will contribute future period financial benefits through revenue generation and/or cost reduction. Internal costs associated with developing computer software programmes are also capitalised on the same basis. These costs are amortised over their estimated useful lives (three to four years). Costs associated with the upgrade of computer software programmes which increase the functionality of computer software or related assets are capitalised.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Licence fees paid to the government, which permit telecommunications activities to be operated for defined periods, are initially recorded at cost and amortised from the time the network is available for use to the end of the licence period.

Other intangible assets, which comprise primarily of acquired intangible assets, are capitalised at fair value and amortised using the straight-line method over their estimated useful lives, from the date the intangible assets are available for use.

The following useful lives have been assigned to intangible assets:

	Years
Computer software	4
Intangible assets from acquisitions:	
Trademark (Fixed)	5
Contracts and related customer relationships (Fixed)	14
Mobile licences	15 – 18.5 [(1)]

[(1)] Spectrum licences are amortised over the term of the relevant licences.

Intangible assets not yet available for use are tested for impairment in accordance with IAS 36 "Impairment of Assets" in the same manner as goodwill (see 3.3 above).

3. Accounting policies - continued

3.5. Segmental reporting
An operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other operating segments. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Senior Management Team, which is the key management team that makes strategic decisions.

3.6. Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable, as separate performance obligations, for the sale of goods and services in the ordinary course of the group's activities. Amounts disclosed as revenue are net of discounts and value added tax. Revenue includes sales by group entities but excludes all inter-company sales.

If the group has control of goods or services when they are delivered to a customer, then the group is the principal in the sale to the customer; otherwise the group is acting as an agent. Whether the group is considered to be the principal or an agent in the transaction depends on analysis by management of both the legal form and substance of the agreement between the group and its business partners; such judgements impact the amount of reported revenue and operating expenses.

The group determines the transaction price to which it expects to be entitled in return for providing the promised obligations to the customer based on the committed contractual amounts, net of sales taxes and discounts. Where indirect channel dealers, such as retailers, acquire customer contracts on behalf of the group and receive commission, any commissions that the dealer is compelled to use to fund discounts or other incentives to the customer are treated as payments to the customer when determining the transaction price and consequently are not included in contract acquisition costs. The group's contracts are structured in such a way that there is little or no variable consideration.

Revenue is recognised when goods and services are delivered to customers; goods and services may be delivered to a customer at different times under the same contract, hence it is necessary to allocate the amount payable by the customer between goods and services. The group has used a relative standalone selling price basis to ascertain the goods element of the contract and this requires the identification of performance obligations, which is discussed below.

It is necessary to estimate the standalone price when the group does not sell equivalent goods or services in similar circumstances on a standalone basis. Where possible, the group observes the standalone prices for similar goods and services making up the total contract price, which is the typically the case for handsets. A cost-plus reasonable margin approach is applied to arrive at the Recommended Retail Price ('RRP') for prepaid handsets, hence this value is used as the standalone price of the handset for postpay contracts. A dual validation is performed by which the service element of the contract is reviewed against a sim-only service offering. The group maximises the use of external inputs to assess the reasonableness of the standalone selling prices by observing the standalone prices for similar goods and services when sold by third parties.

Customers typically pay upfront for handsets, in advance for prepay and monthly for postpay and other communication services. Where the customer pays a value less than that of the RRP of the handset upfront, the balance is deemed to be paid over the term of the related service agreement. When revenue recognised in respect of a customer contract exceeds amounts received or receivable from a customer at that time a contract asset is recognised; contract assets will typically be recognised for handsets or other equipment provided to customers where payment is recovered by the group via future service fees. If amounts received or receivable from a customer exceed revenue recognised for a contract, for example if the group receives an advance payment from a customer, a contract liability is recognised. When contract assets or liabilities are recognised, a financing component may exist in the contract. The group avails of a practical expedient to exclude significant financing on the basis that the amounts are immaterial, arising from an assessment which was carried out on handsets, contract duration and interest rates on the open market.

These handset values are recognised upfront since ownership of the handset passes to the customer on date of inception of the contract and the values are then amortised against the service revenue component of the bundle delivered over the contract period. There is not considered to be a significant risk of material adjustment to the carrying value of contract-related assets or liabilities in the 12 months after the balance sheet date if these estimates were revised. The group avails of practical expedients to exclude contracts of duration of 12 months or less, as almost all contracts are of 18 and 24 month duration.

Impairment losses are calculated separately from other expected credit loss provisions under IFRS 9 – churn is reviewed on an annual basis and these percentages are built into the contract asset valuation model so that losses are written off immediately and not capitalised to the balance sheet.

The group is required to interconnect its networks with other telecommunications operators. In some instances, as is normal practice in the telecommunications industry, reliance is placed on other operators to measure the traffic flows interconnecting with the group's networks. The prices at which services are charged are regulated and can be subject to retrospective adjustment. Revenue from interconnect fees is recognised at the time the services are performed.

3. Accounting policies - continued

3.6. Revenue recognition - continued
Fixed line revenue is recognised in the period earned by rendering of services or delivery of products. Fixed line revenues largely comprise access, voice traffic, data services and managed services. Traffic revenue is recognised at the time the traffic is carried over the group's networks and revenue from rentals is recognised evenly over the period to which the charges relate and over the life of the contract. Billings for fixed telephony services are made on a monthly, bi-monthly or quarterly basis. Mobile revenue consists principally of charges to customers for traffic from mobile network services, revenue from providing network services to other telecommunications operators, and the sale of handsets and other accessories. Payment terms are typically 14 days from invoice date and 30 days for business customers. Unbilled revenues from the billing cycle date to the end of each month are recognised as revenue during the month the service is provided.

Where Customer Premises Equipment ('CPE') is part of the bundled revenue – an assessment is undertaken to attach a market value to the equipment provided. In the case of modems, the life of the equipment is deemed to be 5 years which spans multiple customer contracts, which are 12 months in duration, and therefore immaterial. Modems are returned at the end of the customer contract, with a charge levied on customers who do not adhere. These are refurbished on return at minimum cost and re-issued to a new customer. In the case of TV set top boxes, there is no market value as the provider is contractually obliged not to provide the software necessary to an end customer to enable them to use this equipment with any other provider's service other than the group's.

Bundled products (broadband, line rentals and traffic) are accounted for in the same manner as the unbundled products comprising the bundle. Revenue from the sale of bundled service products is allocated to the separate elements of the bundle on the basis of each element's relative stand-alone selling price basis as described above and recognised in revenue when each individual element of the product or service is provided. The fair values of each element are determined based on the current market price of the service when sold separately. Additionally, when allocating the bundled revenue to each element, amounts contingent upon provision of future service are not allocated to delivered elements. To the extent that there is a discount in the bundled product, such discount is allocated between the elements of the contract in such a manner as to reflect the fair value of each element and is embedded in a reduced price to the customer.

Revenue arising from the provision of other services, including maintenance contracts, data hosting and other related professional services, is recognised over the term of the contract.

Revenue arising from the provision of build to suit services of mast sites is recognised when eir fulfills its contractual obligations and the assets are live and acceptance from the counterparty has occurred.

Refunds and credits are recorded in the period to which they relate as a deduction to revenue, but are limited and infrequent in nature since eligible return periods are short and under strict criteria, for example faulty handsets within a 14 day period. Warranties are provided to the customer by the manufacturer, hence there is no exposure to the group.

When costs directly relating to a specific contract are incurred prior to recognising revenue for a related obligation, these costs are recognised in the income statement as expenses in line with the recognition of revenue when the related obligation is delivered, over the life of the contract. The costs of acquiring a contract including commission payable for acquiring customers on behalf of the group, are recognised as contract acquisition cost assets as prepaid and deferred.

3.7. Exceptional items
The group has adopted an income statement format which seeks to highlight significant or one-off items within group results for the year. The group believe that this presentation provides additional analysis as it highlights significant or one-off items. Such items include restructuring costs, curtailment gains and losses in respect of pensions, charges in respect of certain management incentive plans, impairment of assets (including goodwill), gains/losses on exit from subsidiary/joint venture, onerous contracts and reinstatement/dilapidation provisions. 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.

3.8. Amounts paid and payable to other operators
Amounts paid and payable to other operators are mainly settlement fees that the group pays to other telecommunications operators for traffic that is routed on their networks. Costs associated with these payments are recognised in the period in which the traffic is carried.

3.9. Customer acquisition costs
The group pays commissions to dealers for the acquisition and retention of mobile subscribers and certain fixed line products. Customer acquisition costs are recorded as an asset and amortised either as an expense or a reduction to revenue depending on handset value, over the period of the relevant contracts under IFRS 15.

The cost of mobile handsets is recorded as an expense in the period of purchase.

The costs associated with the group's advertising and marketing activities are expensed as incurred.

3. Accounting policies - continued

3.10. Foreign currencies

Functional and presentation currency
Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entities operate ('the functional currency'). These consolidated financial statements are presented in euro, which is the group's presentation currency and is denoted by the symbol "€".

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the retranslation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in the statement of other comprehensive income as qualifying cash flow hedges.

Group entities
The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in the statement of other comprehensive income.

3.11. Taxation

eircom Holdings (Ireland) Limited is managed and controlled in Ireland and, consequently, is tax resident in Ireland.

Current tax is calculated on the profits of the period. Current tax is determined using tax rates (and laws) in effect during the relevant financial period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates (and laws) that have been enacted, or substantively enacted by the balance sheet date, and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax is recognised in other comprehensive income, if the tax relates to items that are credited or charged, in the same or a different period, in other comprehensive income.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

3. Accounting policies - continued

3.12. Financial instruments

(i) Borrowings

All borrowings are initially stated at the fair value of the consideration received after deduction of transaction costs. Borrowings are subsequently stated at amortised cost. Any difference between the fair value on initial recognition and the redemption value is recognised in the income statement over the period of borrowings using the effective interest method. When it is not possible to estimate reliably the cash flows or the expected life of a financial instrument (or group of financial instruments), the group uses the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Where the terms of borrowings are amended, if the revised terms are substantially different from the original terms, the transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are considered to be substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. Any gain or loss on the extinguishment of the original liability is recognised immediately in the income statement.

If the new terms are not substantially different from the original terms, the impact of the change in the cash flows on the financial liability are recognised immediately in the income statement. The modification gain or loss is equal to the difference between the present value of the cash flows under the original and modified terms discounted at the original effective interest rate. The carrying value of the financial liability is adjusted for the modification gain or loss recognised immediately in the income statement and the effective interest rate is revised to amortise the carrying value of the financial liability after modification over the modified liability revised contractual period.

Borrowings are classified as current liabilities, unless the group has an unconditional right to defer settlement for the liability for at least 12 months from the balance sheet date.

(ii) Financial assets at amortised cost

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at fair value and subsequently measured at amortised cost and are included in current assets, except for those with maturities greater than 12 months after the balance sheet date. The group's financial assets at amortised cost are set out in Note 28.

(iii) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each subsequent balance sheet date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and, if so, the nature of the item being hedged. The group designates certain derivatives as hedges of a particular risk associated with a recognised liability or a highly probable forecast transaction (cash flow hedge).

The group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. A hedge ratio of one to one is established.

Derivative assets or liabilities are presented as current or non-current based on expected realisation or settlement dates.

(iv) Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable transaction, the effective part of any gain or loss on the derivative financial instrument is recognised in other comprehensive income. Any ineffective portion of the hedge is recognised in the income statement.

Amounts accumulated in equity are recycled in the income statement within finance costs in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within finance costs.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recorded in equity is immediately transferred to the income statement.

3. Accounting policies - continued

3.13. Property, plant and equipment
Property, plant and equipment are stated at historical cost, less accumulated depreciation and impairment losses. Cost in the case of network plant includes contractors' charges, materials and labour and related overheads directly attributable to the cost of construction.

Depreciation
Depreciation is provided on property, plant and equipment (excluding land), on a straight-line basis, so as to write off their cost less residual amounts over their estimated economic lives, from the date the asset is available for use. The estimated economic lives assigned to property, plant and equipment are as follows:

Asset Class	Estimated Economic Life (Years)
Buildings	40
Network Plant	
Transmission Equipment	
Duct	20
Overhead cable/poles	8-15
Underground cable	14
Other local network	3.5-15
Others	3-16

The group's policy is to review the remaining economic lives and residual values of property, plant and equipment on an ongoing basis and to adjust the depreciation charge prospectively to reflect the remaining estimated life and residual value.

Fully depreciated property, plant and equipment are retained in the cost of property, plant and equipment and related accumulated depreciation until they are removed from service. In the case of disposals, cost of assets and related accumulated depreciation are removed from the financial statements and the net amount, less proceeds from disposal, is charged or credited to the income statement.

Assets in the course of construction
Assets in the course of construction represent the cost of purchasing, constructing and installing property, plant and equipment ahead of their own productive use. No depreciation is charged on assets in the course of construction. The estimated amount of interest incurred, directly attributable to constructing qualifying assets that necessarily take a substantial period of time to get ready for their intended use, is capitalised based on the weighted average interest rate on outstanding borrowings.

Asset retirement obligations
The group has certain obligations in relation to the retirement of assets, mainly poles, batteries and international cable. The group also has obligations to dismantle base stations and to restore the property owned by third parties on which the stations are situated after the stations are removed. The group capitalises the discounted future cash flows associated with these asset retirement obligations and depreciates these assets over the useful life of the related asset.

3.14. Impairment of non financial assets – group
Assets that have an indefinite useful life, principally goodwill, and intangible assets not yet available for use, are not subject to amortisation, and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). If a cash generating unit is impaired, provision is made to reduce the carrying amount of the related assets to their estimated recoverable amount. Impairment losses are allocated firstly against goodwill and secondly against the other assets (including other intangible assets) in the cash generating unit on a pro-rata basis based on the carrying amount of each asset in the cash generating unit.

Non financial assets, other than goodwill, that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment losses recognised in respect of goodwill are not reversed in any circumstances.

3. Accounting policies – continued

3.15. Leased assets
The group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Where the group is lessee
The group applies lease accounting under IFRS 16 for all leases, except for short-term leases and leases of low value assets. The group recognises lease liabilities to make lease payments and right of use assets representing the right to use the underlying assets. The group have established three classes of assets, Mobile Cell Sites, Vehicles and Property.

(i) **Right of use assets**
The group recognises right of use assets at the commencement date of the lease (the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and costs to dismantle/retire the asset at a future date. Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, recognising a full month's depreciation in the month of contract inception and none in the month of contract termination.

If ownership of the leased asset transfers to the group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right of use assets are also subject to impairment (refer to 3.14). The group's right of use assets are included in Note 17.

(ii) **Lease liabilities**
At the commencement date of the lease, the group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the group and payments of penalties for terminating the lease, if the lease term reflects the group exercising the option to terminate. The group separates the lease component from non-lease components of the contract in all class of assets.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the group uses its incremental borrowing rate at the lease commencement date for classes of assets, Mobile Cell sites and Property because the interest rate implicit in the lease is not readily determinable. Incremental borrowing rates are calculated using a portfolio approach, where the group treats assets under a common lease contract with the same contract terms collectively. The group uses the implicit rate determinable in the lease for the Vehicles class of asset. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The group's lease liabilities are included in Note 17.

(iii) **Short-term leases and leases of low value assets**
The group applies the short-term lease recognition exemption to its short-term leases (those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). For leases that are out of contract but expected to continue past a 12 month period, the group uses the expected commercial lease extension as the lease term or if not determinable, a period of no longer than 5 years, reviewed periodically. The group applies the lease of low value assets recognition exemption to leases that are considered to be low value. Lease payments on leases of low value assets are recognised as expense in the period they relate to.

Where the group is lessor
Leases in which the group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the income statement due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3. Accounting policies – continued

3.16. Inventories
Inventories comprise mainly consumable items and goods held for resale. Inventories are stated at the lower of cost and net realisable value. Cost is calculated on a weighted average basis and includes invoice price, import duties and transportation costs. Where necessary, write-downs in the carrying value of inventories are made for damaged, deteriorated, obsolete and unusable items, on the basis of a review of individual items included in inventory. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

3.17. Trade and other receivables
Trade and other receivables are recognised at fair value, which is normally the original invoiced amount or amount advanced, less any provision for expected credit losses. The group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The carrying amount of the asset is reduced through the use of the provision for expected credit losses, and the amount of the loss is recognised in the income statement in "operating costs". When a trade receivable or other receivable is uncollectible, it is written off against the provision for expected credit losses.

Trade receivables are reviewed regularly to assess the adequacy of the provision for expected credit losses in accordance with IFRS 9. The simplified approach to providing for expected credit losses has been applied to trade receivables, which requires the use of a lifetime expected loss provision. The credit loss rates used are based on actual collection statistics and applied to each aged debt bracket to ascertain the provision for expected credit losses. The regular reviews of trade receivables will reduce any differences between loss estimates and actual loss experience.

3.18. Cash and cash equivalents
Cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturity of less than three months.

3.19. Indefeasible rights of use ("IRU")
The group accounts for IRU contracts in the following manner:

(i) A contract arrangement that is for the capacity portion of an asset that is not physically distinct and does not represent substantially all of the capacity of the asset and thereby does not provide the customer with the right to obtain substantially all of the economic benefits from use of the asset is accounted for as a service and does not contain a lease pursuant to IFRS 16. These contracts arrangements have a single performance obligation of providing capacity and revenue is recognised on a straight-line basis over the period of the relevant contracts.

(ii) In the case of IRU arrangement containing a performance obligation to build fibre on behalf of the customer, comprising of a physically distinct asset for which the customer has control, revenue is recognised at each stage of the completed build.

3. Accounting policies – continued

3.20. Employee benefits

(i) *Pension obligations*
Group companies operate various pension schemes. The schemes are generally funded through payments determined by periodic actuarial calculations to independent trustee-administered funds. The group operates both defined benefit and defined contribution plans.

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate fund. Under defined contribution plans, the group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due.

Typically, defined benefit plans define an amount of future pension benefit that employees have earned in return for their services to date. The pension benefit that an employee will receive on retirement is usually dependent on factors such as age, years of service and compensation. The amount recognised in the balance sheet in respect of defined benefit pension plans is the present value of the group's defined benefit obligation at the balance sheet date, less the fair value of plan assets. Plan assets are valued at their market value at the balance sheet date using bid values. The defined benefit obligation, and the related current service cost, and, where applicable, past service cost, are calculated by independent actuaries using the projected unit credit method. The defined benefit obligation is calculated annually unless there has been a material change in the obligations, where it is then recalculated during the year. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using an appropriate discount rate based on current market yields at the balance sheet date of high quality corporate bonds that are denominated in euros, and reflect the duration of the related pension liability.

The amounts of current service cost and net interest cost recognised in the income statement are computed based on actuarial assumptions at the start of the financial year. Costs of administering the defined benefit plans, other than investment management costs, are recognised within operating expenses in the income statement as the administrative services are received. Past service costs and negative past service costs are recognised immediately in the group income statement.

Actuarial gains and losses, arising from experience adjustments and changes in actuarial assumptions, are charged or credited directly to reserves through the statement of other comprehensive income.

Settlements and curtailments trigger immediate recognition of the consequent change in obligations and related assets or liabilities in the group income statement. Before the effect of a curtailment or settlement is determined, the defined benefit obligation is re-measured using current actuarial assumptions.

Under the Defined Benefit Trust Deed, the group is entitled to the surplus assets in the main superannuation fund in the event of a wind-up of the defined benefit scheme.

The deferred tax impact of pension plan surpluses and deficits is disclosed separately within the deferred tax assets or liabilities, as appropriate.

(ii) *Other bonus plans*
The group recognises a liability and an expense for bonuses where contractually obliged, or where there is past practice that has created a constructive obligation. The entitlement to bonuses under long term bonus plans is usually conditional on the completion of a minimum service period. The expected costs of the bonuses are accrued over the period of employment based on estimates of the ultimate amount payable and targets under the schemes.

(iii) *Termination benefits*
Termination benefits are payable when employment is terminated by the group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following: (a) when the group can no longer withdraw the offer of those benefits; or (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. Termination benefits comprise the estimated benefits payable to staff availing of voluntary leaving schemes and the associated pension impact.

3. Accounting policies – continued

3.21. Provisions
A provision is recognised when, and only when (a) the group has a present obligation (legal or constructive) as a result of a past event, (b) it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and (c) a reliable estimate can be made of the amount of the obligation.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

A constructive obligation for restructuring cost exists where plans are sufficiently detailed and well advanced, and where appropriate communication to those affected has been undertaken on or before the balance sheet date.

If the group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the group recognises any impairment loss that has occurred on assets dedicated to that contract. An onerous contract is a contract under which the unavoidable costs of meeting its obligations under the contract exceed the economic benefits expected to be received under the contract. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling the contract and any compensation or penalties arising from failure to fulfil the contract.

3.22. Financial guarantee contracts
Liabilities are initially measured at fair value in respect of financial guarantees issued by the group for the benefit of third parties, and subsequently at the higher of the amount determined in accordance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets" and the amount initially recognised less cumulative amortisation, where appropriate.

3.23. Contingent liabilities and contingent assets
A contingent liability, including contingent liabilities in respect of financial guarantee contracts, is a possible obligation that arises from past events and the existence of which will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group, or a present obligation that arises from past events but is not recognised because: (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or (b) the amount of the obligation cannot be measured with sufficient reliability. A contingent liability is not recognised but is disclosed in the notes to the financial statements.

A contingent asset is a possible asset that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the group. Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain an asset is recognised.

3.24. Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

3.25. Dividend distribution
Final dividend distributions to equity shareholders are recognised as a distribution in the group's financial statements in the period in which the dividends are approved by the equity shareholders. Interim dividend distributions to equity shareholders are recognised as a distribution in the group's financial statements in the period in which the dividends are declared.

3.26. Dividends
Dividend income is recognised when the right to receive payment is established.

3. Accounting policies – continued

3.27. Held for sale
The group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. The group must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Assets and liabilities classified as held for sale are presented separately as current items in the balance sheet.

4. Financial risk management

Financial risk factors
The group's activities expose it to a variety of financial risks: liquidity risk, market risk (including cash flow, interest rate risk, currency risk and price risk) and credit risk. The group's overall risk management program focuses on the unpredictability of financial markets, and seeks to minimise potential adverse effects on the financial performance of the group. The group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risks, and ageing analysis for credit risk. Responsibility for managing these risks rests with the Board.

On 30 June 2022, the group entered into new Facility B borrowings of €765 million, which are subject to a Senior Facilities Agreement, with a maturity date of 30 June 2029. Transaction costs of €18 million directly attributable to the new borrowings have been deferred to the balance sheet and will be amortised over the expected life of the borrowings through finance costs in the income statement using the effective interest method under IFRS 9.

In accordance with the terms of the Senior Facilities Agreement for the Facility B borrowings of €765 million, the group is required to hedge its exposure to interest rate risk on not less than 70 per cent of its €765 million debt. During the period, the group entered into four interest rate swaps with a notional principal amount of €536 million with a maturity date of 31 May 2026.

Also, during the year, the group prepaid €50 million of the principal amount of the Facility B borrowings with a maturity date of 15 May 2026. The prepayment of Facility B borrowings was accounted for as an extinguishment of debt and resulted in an accounting gain of €3 million in the income statement within 'finance costs - net'.

In addition, the group redeemed €160 million of the 3.5% Senior Secured Notes due 2026, €70 million of the 1.75% Senior Secured Notes due 2024 and €69 million of the 2.625% Senior Secured Notes due 2027 in the year ended 31 December 2022. In total the group repurchased €299 million of the principal amount of the Senior Secured Notes for cash of €271 million resulting in a gain of €28 million and the discount on redemption of Senior Secured Notes was included in the income statement within 'finance costs - net'.

In the year ended 31 December 2022, dividend distributions totalling €800 million were paid to the equity shareholder, Wexford Limited.

There have been no other significant changes in the types of financial risks or the group's risk management program (including methods used to measure the risks) since 31 December 2021.

4.1. Liquidity risk
The objective of liquidity management is to ensure the availability of sufficient funds to meet the group's requirements and to repay maturing debt and other liabilities as they fall due.

As set out in Note 2, having reviewed the group's business plans and cash flow forecasts, the Directors consider that the group will be able to realise its assets and discharge its liabilities in the ordinary course of business for the foreseeable future. Management of the group's liquidity risk is fundamental to its operations. The nature of the group's business, its working capital management activities and investment in network assets has often resulted in minimal current assets or net current liabilities.

The eircom Holdings (Ireland) Limited group has net current assets of €215 million at 31 December 2022. The current liabilities at that date include deferred revenue of €128 million. There is no cash outflow requirement associated with deferred revenue.

4. Financial risk management – continued

4.1. Liquidity risk - continued

Maturities of financial liabilities
The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows based on the interest rates effective at the balance sheet date and includes the margins applicable to the relevant debt.

	Within 1 Year €m	**Between 1 & 2 Years €m**	**Between 2 & 5 Years €m**	**After 5 Years €m**	**Total €m**
Borrowings					
- At 31 December 2022	**-**	**280**	**1,921**	**765**	**2,966**
- At 31 December 2021	-	-	2,200	350	2,550
Interest on borrowings					
- At 31 December 2022	**116**	**117**	**223**	**60**	**516**
- At 31 December 2021	75	75	181	2	333
Lease liabilities					
- At 31 December 2022	**76**	**72**	**182**	**492**	**822**
- At 31 December 2021	70	68	176	498	812
Trade and other payables					
- At 31 December 2022	**334**	**5**	**1**	**-**	**340**
- At 31 December 2021	337	13	1	-	351
TIS annuity scheme					
- At 31 December 2022	**1**	**1**	**1**	**-**	**3**
- At 31 December 2021	1	1	1	1	4
Onerous contracts					
- At 31 December 2022	**5**	**2**	**6**	**16**	**29**
- At 31 December 2021	5	2	5	21	33

4.2. Capital risk management
The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders over the long term. The capital structure of the group consists of the borrowings as set out above, and equity comprising issued capital, reserves and accumulated losses as set out in the 'Group statement of changes in equity'.

4.3. Credit risk
Credit risk refers to the loss that the group would incur if a debtor or other counter-party fails to perform under its contractual obligations. Credit risks are mainly related to counter-party risks associated with cash and cash equivalents, restricted cash, trade receivables, other debtors, amounts owed by related companies and derivative contracts.

The group's trade receivables are generated by a large number of customers, both private individuals and companies in various industries, mainly in Ireland. Exposure to credit loss and subscriber fraud is actively monitored on a regular basis, including some processing of current credit information on subscribers from third-party sources (subject to availability) and, where appropriate, a provision for expected credit losses is made.

The credit risk and net exposure on key accounts, particularly other authorised operators and international carriers, is monitored separately through continual risk assessments of customers with material balances. In terms of the overall exposure from credit risk, the receivables from these counter-parties are not so extensive as to be considered significant concentrations of credit risk.

4. Financial risk management – continued

4.3. Credit risk - continued

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The credit loss rates used are based on actual collection statistics and applied to each aged debt bracket to ascertain the provision for expected credit losses.

Trade receivables - 31 December 2022
The credit risk exposure on trade receivables is set out below.

		Past due				
	Current €m	Less than 30 days **€m**	Between 31 and 60 days **€m**	Between 61 and 90 days **€m**	More than 90 days **€m**	**Total €m**
Expected credit loss rate	**1.0%**	**5.8%**	**49.4%**	**55.3%**	**56.1%**	
Trade receivables – gross	**70**	**35**	**5**	**3**	**50**	**163**
Expected credit loss	**1**	**2**	**2**	**2**	**28**	**35**

Trade receivables - 31 December 2021
The credit risk exposure on trade receivables is set out below.

		Past due				
	Current €m	Less than 30 days **€m**	Between 31 and 60 days **€m**	Between 61 and 90 days **€m**	More than 90 days **€m**	**Total €m**
Expected credit loss rate	0.9%	10.5%	24.0%	29.0%	49.2%	
Trade receivables – gross	85	18	9	7	48	167
Expected credit loss	1	2	2	2	23	30

The contract assets included in the balance sheet of €25 million (31 December 2021: €31 million) has been recognised net of an expected credit loss of €3 million (31 December 2021: €4 million).

With respect to the trade receivables that are neither impaired nor past due, there are no indications as of the reporting date that the debtors will not meet their payment obligations.

The group held collateral on trade receivables in the form of cash deposits of €15 million (31 December 2021: €15 million) as security.

The group is exposed to credit risk relating to its cash and cash equivalents. The group treasury policy is designed to limit exposure with any one institution and to invest its excess cash in low risk investment accounts with authorised banking counter-parties and with institutions whose long-term Standard & Poor's (S&P) credit rating is "BBB+" or above (or Moody's equivalent rating of "Baa1") or is an acceptable bank as defined in the Senior Facilities Agreement.

The credit quality of cash and cash equivalents can be assessed by reference to S&P credit ratings in the table below.

	31 Dec 2021 €m	**31 Dec 2022 €m**
Cash and cash equivalents		
A+	181	**358**
A	1	**1**
A-	105	**148**
	287	**507**

4. Financial risk management – continued

4.4. Market risk
Market risk refers to the exposure of the group's financial position to movements in interest rates, currency rates and general price risk. The group has limited exposure to equity, currency and price risk, other than the impact of those risks on the group's defined benefit pension scheme.

The principal aim of managing the interest rate risk is to limit the adverse impact on cash flows and shareholder value of movements in interest rates.

Cash and cash equivalents and borrowings at variable rates expose the group to cash flow interest rate risk. Cash and cash equivalents and borrowings at a fixed rate expose the group to fair value interest rate risk.

On 30 June 2022, the group entered into new Facility B borrowings of €765 million and in accordance with the terms of the Senior Facilities Agreement, the group is required to hedge its exposure to interest rate risk on not less than 70 per cent of its €765 million debt. During the period, the group entered into four interest rate swaps with a notional principal amount of €536 million with a maturity date of 31 May 2026. These swaps have the effect of fixing the floating rate part of the interest rate payable under €536 million of the group's €765 million Facility B debt to 1.463% for €383 million (effective date 31 August 2022) and 2.563% for €153 million (effective date 30 November 2022) for the duration of the swaps.

As at reporting date, the group had the following cash and cash equivalents (Note 25) and floating-rate borrowings (Note 29):

	31 December 2021		31 December 2022	
	Weighted average Interest rate %	Balance €m	Weighted average Interest rate %	Balance €m
Cash and cash equivalents	-0.5%	287	**1.7%**	**507**
Bank borrowings (Facility B)	3.0%	(1,100)	**4.8%**	**(1,050)**
Bank borrowings (FNI Facility B)		-	**4.2%**	**(765)**
Interest rate swaps (Notional principal amount)		-		**536**
Net exposure to interest rate risk		(813)		**(772)**

Interest rate sensitivity analysis
Based on the financial instruments held at the balance sheet date, if interest rates are 100 basis points ("bps") higher/lower and all other variables are held constant, the group's profit after tax for the year ended 31 December 2022 will increase or decrease by the amounts set out in the table below:

Group – after tax	Increase by		Decrease by	
	25 bps 31 Dec 2021 €'m	100 bps 31 Dec 2022 €'m	25 bps 31 Dec 2021 €'m	100 bps 31 Dec 2022 €'m
Profit for the year - (lower)/higher	(2)	**(7)**	2	**7**

A sensitivity of 100 bps (31 December 2021: 25 bps) has been selected as this is considered reasonable given the current level of both short-term and long-term interest rates.

Currency risk
The group conducts its business primarily in Ireland and, therefore, operating and investing cash flows are substantially denominated in euro. A limited level of foreign exchange risk arises in relation to a foreign subsidiary, capital expenditure denominated in foreign currencies and foreign exchange settlements with international third party telecommunications carriers.

Given the limited level of risk the group does not hedge its foreign exchange risk arising on transactions and capital expenditure denominated in foreign currencies.

Price risk
The group is exposed to price risk on the assets held by the group's defined benefit pension scheme (see Note 38).

4. Financial risk management – continued

4.5. Fair value estimation
The fair value of financial instruments traded in active markets is based on the quoted market prices at the balance sheet date. IFRS 13 requires disclosure of fair value measurements by level based on the following fair value measurement hierarchy:

Level 1 comprises financial assets and liabilities valued using quoted market prices in active markets at the balance sheet date. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an arm's length basis on an on-going basis.

Level 2 comprises financial assets and liabilities valued using techniques based significantly on observable market data. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

Level 3 comprises financial assets and liabilities valued using techniques where the impact of the non-observable market data is significant in determining the fair value of the instrument.

The fair value of borrowings is disclosed in Notes 29.

4.6. Hedging instruments
As at the reporting date, the group has entered into a number of swaps to cover interest rate exposure on its new Facility B borrowings of €765 million. These instruments have been designated as cash flow hedges and movements in the effective portion of the fair value of the hedges have been taken through the cash flow hedge reserve.

Derivatives designated and eligible for hedge accounting
The details of the effective interest rate and maturity of these designated and effective hedging instruments are:

				Maturity date – principal value					
	Principal value	**Fair Value**	**Weighted average Interest rate**	**Within 1 Year**	**Between 1 & 2 Years**	**Between 2 & 3 Years**	**Between 3 & 4 Years**	**Between 4 & 5 Years**	**After 5 Years**
	€m	**€m**	**%**	**€m**	**€m**	**€m**	**€m**	**€m**	**€m**
Designated active interest rate swap									
- at 31 December 2022	**536**	**24**	1.777%		**-**	**-**	**536**	**-**	**-**
- at 31 December 2021	-	-	-	-	-	-	-	-	-

The effective interest rates in the table above are based on the effective interest rates in the derivative financial instruments designated for cash flow hedging. This does not equate to the effective interest rate on the underlying debt as it excludes the margin over EURIBOR, payable in respect of the €765 million Facility B borrowings. The margin on the €765 million facility is 2.25% over EURIBOR for the first three years, 2.5% for year four and five, 2.75% for year six and 3% for year seven.

Further information on the group's use of interest rate swaps is included in Note 26.

5. Critical Accounting Judgements and Estimates

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are noted below. Further details are included in the Notes to the financial statements.

The areas involving significant estimates or judgements are:

- Accounting treatment for exit from subsidiary/joint venture (Note 9)
- Estimation of current tax payable and recognition of deferred tax (Note 13)
- Making appropriate assumptions on non-financial asset impairment reviews (Note 14)
- Establishing lives for amortisation purposes of intangible assets (Note 15)
- Establishing lives for depreciation purposes of property, plant and equipment (Note 16)
- Providing for expected credit losses (Note 22)
- Allocation of revenue between performance obligations (Note 23)
- Estimation of cash outflows on onerous lease contracts (Note 31(a))
- Making appropriate assumptions in calculating asset retirement obligations (Note 31 (c))
- Providing for litigation, contingencies and other constructive obligations (Note 31 (e))
- Making appropriate long-term assumptions in calculating pension liabilities, surpluses and costs (Note 38)
- Assigning fair values to assets and liabilities acquired through business combinations (Note 43)

Judgements and estimates are continually evaluated. They are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

6. Segment information

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the group which are regularly reviewed by the 'Chief Operating Decision Maker' in order to allocate resources to the segments and to assess their performance.

The group's operating segments are reported based on financial information provided to the Senior Management Team ("SMT"), which is the key management team and represents the 'Chief Operating Decision Maker'. The SMT is chaired by the Group Chief Executive and the other members are the Group Chief Financial Officer, Chief Technology Officer, Chief Information Officer, Business Directors, Customer Operations Director, HR Director, Director of Regulatory & Public Policy and General Counsel.

The SMT considers the business from a fixed line and mobile perspective and assesses the performance of the operating segments based on a measure of adjusted EBITDA. Adjusted EBITDA is before non-cash lease contracts, non-cash pension charge and exceptional items. This measurement basis excludes the effects of significant or non-recurring expenditure from the operating segments such as restructuring costs, curtailment gains and losses in respect of pensions, charges in respect of certain management incentive plans, impairment of assets (including goodwill), gains/losses on exit from subsidiary undertaking/joint venture and onerous contracts. The non-cash lease contracts 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. The non-cash pension charge is determined based on the difference between the charge determined under IAS 19 and employer contributions payable in respect of the financial year. Interest costs on borrowings are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the borrowings position of the group.

Sales between segments for telecommunication services are carried out on an arm's length basis. Other recharges in respect of non-telecommunication services are based on actual cost of employee remuneration or other external costs incurred. The revenue from external parties reported to the SMT is measured in a manner consistent with that in the group income statement.

The segment results for the year ended 31 December 2022 are as follows:

	Fixed line €m	Mobile €m	Inter-segment €m	Reported[(2)] €m	IFRS 11 €m	Published[(2)] €m
Revenue	945	326	(37)	**1,234**	(4)	**1,230**
Adjusted EBITDA [(1)]	511	141	-	**652**	(2)	**650**
Non-cash lease contracts	1	-	-	**1**	-	**1**
Non-cash pension charge	(6)	-	-	**(6)**	-	**(6)**
Management charge	(7)	-	-	**(7)**	-	**(7)**
Amortisation of intangible assets	(23)	(20)	-	**(43)**	-	**(43)**
Depreciation of PPE	(213)	(31)	-	**(244)**	1	**(243)**
Depreciation of right of use assets	(18)	(32)	-	**(50)**	-	**(50)**
Impairment of right of use assets	(9)	(4)	-	**(13)**	-	**(13)**
Exceptional items (Note 8)	(190)	(18)	-	**(208)**	-	**(208)**
Exceptional gain on exit from joint venture	68	-	-	**68**	-	**68**
Loss on disposal of PPE	(2)	-	-	**(2)**	-	**(2)**
Operating profit	112	36	-	**148**	(1)	**147**
Finance costs - net				**(85)**	-	**(85)**
Share of profit of investments accounted for using the equity method				**-**	1	**1**
Profit before income tax				**63**	-	**63**
Income tax charge				**(17)**	-	**(17)**
Profit for the financial year				**46**	-	**46**

(1) *Adjusted EBITDA is earnings before interest, taxation, amortisations, depreciation, impairments, non-cash lease contracts, non-cash pension charge, management charge, profit on disposal of PPE and ROU assets and exceptional items.*

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

6. Segment information – continued

The segment results for the period ended 31 December 2021 are as follows:

	Fixed line €m	Mobile €m	Inter-segment €m	Reported[(2)] €m	IFRS 11 €m	Published[(2)] €m
Revenue	1,384	492	(50)	**1,826**	(25)	**1,801**
Adjusted EBITDA [(1)]	766	207	1	**974**	(15)	**959**
Non-cash lease contracts	1	-	-	**1**	-	**1**
Non-cash pension charge	(6)	-	-	**(6)**	-	**(6)**
Management charge	(11)	-	-	**(11)**	-	**(11)**
Amortisation of intangible assets	(37)	(29)	-	**(66)**	-	**(66)**
Depreciation of PPE	(359)	(37)	-	**(396)**	1	**(395)**
Depreciation of right of use assets	(25)	(44)	(1)	**(70)**	-	**(70)**
Impairment of right of use assets	-	(24)	-	**(24)**	-	**(24)**
Exceptional items (Note 8)	(89)	(1)	-	**(90)**	-	**(90)**
Exceptional gain on exit from subsidiary	-	174	-	**174**	-	**174**
Profit on disposal of PPE	1	-	-	**1**	-	**1**
Profit on disposal of ROU assets	-	5	-	**5**	-	**5**
Operating profit	241	251	-	**492**	(14)	**478**
Finance costs - net				**(141)**	-	**(141)**
Share of profit of investments accounted for using the equity method				**-**	12	**12**
Profit before income tax				**351**	(2)	**349**
Income tax charge				**(18)**	2	**(16)**
Profit for the financial period				**333**	-	**333**

[(1)] *Adjusted EBITDA is earnings before interest, taxation, amortisations, depreciation, impairments, non-cash lease contracts, non-cash pension charge, management charge, profit on disposal of PPE and ROU assets and exceptional items.*

[(2)] *Reported Adjusted EBITDA includes the results of the group's joint ventures on a proportionate basis. The published basis includes the results of the group's joint ventures using the equity accounting basis rather than on a proportionate consolidation basis.*

Disaggregated revenue information

The disaggregation of the group's revenue from contracts with customers is set out below:

	Period ended 31 Dec 2021 €m	Year ended 31 Dec 2022 €m
Access lines	397	237
Broadband	251	150
Voice traffic	259	172
Data services	168	114
Other products and services	309	272
Fixed line revenue	**1,384**	**945**
Mobile services	383	263
Equipment and other revenue	109	63
Mobile revenue	**492**	**326**
Inter-segment revenue	(50)	(37)
Reported revenue	**1,826**	**1,234**
IFRS 11 adjustment	(25)	(4)
Published revenue	**1,801**	**1,230**

6. Segment information – continued

Other segment items included in the income statement are as follows:

	Period ended 31 December 2021			Year ended 31 December 2022		
	Fixed line €m	**Mobile €m**	**Group €m**	**Fixed line €m**	**Mobile €m**	**Group €m**
Expected credit losses of trade receivables (Note 22)	5	2	7	**7**	**1**	**8**

The segment assets and liabilities and capital expenditure are as follows:

	31 December 2022			
	Fixed line €m	**Mobile €m**	**Unallocated €m**	**Group €m**
Assets	**2,970**	**672**	**33**	**3,675**
Liabilities	**716**	**574**	**3,064**	**4,354**
Capital expenditure:				
Intangible assets (Note 15)	**27**	**12**	**-**	**39**
Property, plant and equipment (Note 16)	**211**	**36**	**-**	**247**

	31 December 2021			
	Fixed line €m	**Mobile €m**	**Unallocated €m**	**Group €m**
Assets	2,382	631	9	3,022
Liabilities	714	577	2,625	3,916
Capital expenditure:				
Intangible assets (Note 15)	29	12	-	41
Property, plant and equipment (Note 16)	310	73	-	383

Segment assets consist primarily of property, plant and equipment, rights of use assets, goodwill, intangible assets, retirement benefit assets, inventories, receivables and operating cash. They exclude derivative financial instruments and taxation.

Segment liabilities comprise operating liabilities, lease liabilities and provisions for liabilities and other charges. They exclude items such as taxation, borrowings and interest payable.

Capital expenditure comprises additions to intangible assets (Note 15) and property, plant and equipment (Note 16).

Geographical information
The group are domiciled in Ireland. The group operates in mainly two countries, Ireland and the United Kingdom, though substantially all of the group's revenues arise in Ireland. For the purposes of the geographical allocation of revenue, the group identifies revenues earned by entities operating in each country. Total revenue of the group for the current period is €1,230 million (31 December 2021: €1,801 million) of which €1,209 million (31 December 2021: €1,767 million) was earned by group entities operating in Ireland and €21 million (31 December 2021: €34 million) was earned by group entities operating in the United Kingdom €17 million (31 December 2021: €31 million), Europe €2 million (31 December 2021: €2 million) and the rest of the world €2 million (31 December 2021: €1 million). Total non-current assets of the group, other than deferred tax assets, as at year ended 31 December 2022 are €2,846 million (31 December 2021: €2,485 million), of which €2,837 million were located in Ireland (31 December 2021: €2,476 million) and €9 million were located in the United Kingdom (31 December 2021: €9 million).

The group has no single external customer where revenue is 10% of the group's total revenue of €1,230 million for the year ended 31 December 2022. The group also had no single external customer where revenue was 10% of the group's total revenue of €1,801 million for the eighteen-month period ended 31 December 2021.

7. Operating costs

	Period ended 31 Dec 2021 €m	Year ended 31 Dec 2022 €m
Staff costs:		
Wages and salaries	287	**201**
Social insurance costs	20	**16**
Pension costs – defined contribution plans (Note 38)	7	**5**
Pension costs – defined benefit plans (Note 38)	21	**13**
	335	**235**
Staff costs capitalised	(65)	**(44)**
Net staff costs included in operating costs (a)	270	**191**
Other operating costs:		
Amounts paid and payable to telecommunications operators	75	**41**
Purchase of goods for resale, commission and related costs	288	**210**
Materials and services	18	**9**
Other network costs	20	**13**
Accommodation	87	**59**
Sales and marketing	21	**10**
Customer services	10	**7**
Transport and travel	11	**9**
IT costs	23	**15**
Provision for expected credit losses	7	**8**
Management charge	11	**7**
Other costs	17	**13**
Total other operating costs	588	**401**
Operating costs excluding amortisation, depreciation, restructuring and other exceptional items	858	**592**
Amortisation of intangible assets (Note 15)	66	**43**
Depreciation of property, plant & equipment (Note 16)	395	**243**
Depreciation of rights of use assets (Note 17)	70	**50**
Impairment of rights of use assets (Note 17)	24	**13**
Exceptional items (Note 8)	90	**208**
Exceptional gain on exit from subsidiary/joint venture (Note 9)	(174)	**(68)**
(Profit)/loss on disposal of PPE (Note 10)	(1)	**2**
Profit on disposal of ROU assets (Note 11)	(5)	**-**
Total operating costs	1,323	**1,083**

(a) Operating costs are stated after charging:

	Period ended 31 Dec 2021 €m	Year ended 31 Dec 2022 €m
Staff costs	335	**235**
Exceptional restructuring programme costs (Note 8)	51	**25**
Exceptional covid-19 related staff costs (Note 8)	1	**1**
Total staff costs	387	**261**
Staff costs capitalised	(65)	**(44)**
Total staff costs (net of staff costs capitalised)	322	**217**

8. Exceptional items

	Period ended 31 Dec 2021 €m	Year ended 31 Dec 2022 €m
Restructuring programme costs (a)	**51**	**25**
Covid-19 related costs (b)	**1**	**1**
Onerous contracts (c)	**1**	**1**
Strategic review and other related costs (d)	**5**	**151**
Group re-organisation costs (e)	**5**	**5**
Impairment of goodwill (f)	**20**	**-**
Other exceptional items (g)	**7**	**25**
Exceptional charge	**90**	**208**

(a) Restructuring programme costs
The group included an exceptional charge of €25 million (31 December 2021: €51 million) for restructuring programme costs in respect of staff exits in the year ended 31 December 2022. The exceptional charge reflects those staff who had either exited the business, or were committed to exiting the business at 31 December 2022. No provision has been included in respect of future staff exits not committed at 31 December 2022, and any further costs will be charged to the income statement and impact cash flows in future periods.

The charge of €25 million at 31 December 2022 includes an IAS 19 (Revised) defined benefit pension charge in relation to past service costs of €2 million (31 December 2021: €8 million).

(b) Covid-19 related costs
The group included an additional charge of €1 million (31 December 2021: €1 million) for the cost impact of the Covid-19 pandemic, mainly due to staff costs and the purchase of Personal Protective Equipment (PPE) for field staff.

(c) Onerous contracts
During the year ended 31 December 2022, the group recognised an exceptional charge of €1 million in respect of onerous contracts on its leasehold properties.

The group recognised an exceptional charge of €1 million in respect of its onerous contract on a media rights agreement in the period ended 31 December 2021.

(d) Strategic review and other related costs
The group recognised an exceptional charge of €151 million for strategic related costs; which mainly relates to 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 subsidiary with InfraVia, Fibre Network Ireland Limited. The group also incurred various other costs in relation to the sale of the fibre business in the year ended 31 December 2022.

The group recognised an exceptional charge of €5 million for costs incurred in connection with the acquisition of the Evros Technology Group, a leading IT services provider, and various other project related costs relating to the corporate group structure in the period ended 31 December 2021.

(e) Group re-organisation costs
The group included an exceptional charge of €5 million for re-organisation of the business in the year ended 31 December 2022.

The group included an exceptional charge of €5 million for re-organisation of the business in the period ended 31 December 2021 in relation to transition costs incurred of the group's IT managed service contract and the exit from the Network Sharing Agreement with Three.

(f) Impairment of goodwill
The group recognised an impairment on the Setanta Sports Ireland goodwill of €20 million in the period ended 31 December 2021. See Note 14 for further information.

(g) Other exceptional items
During the year ended 31 December 2022, the group recognised an exceptional charge of €25 million (31 December 2021: €7 million) in respect of legal and other related matters.

9. Exceptional gain on exit from subsidiary/joint venture

31 December 2022
On 23 March 2022, the group completed the sale of its joint venture in Tetra Ireland Communications Limited, a provider of secure communications for use by emergency services and non-commercial public bodies.

	Year ended 31 Dec 2022 €m
Disposal consideration	**76**
Net assets disposed	**(8)**
	68

The "Net assets disposed" arising at the date of exit was the group's investment in the joint venture of €8 million.

31 December 2021
In July 2020, the group completed the sale of the entire share capital of Emerald Tower Limited, its fully owned mobile telecom infrastructure management company in Ireland, to Phoenix Tower Ireland Limited ('PTI').

	Period ended 31 Dec 2021 €m
Disposal consideration	**300**
Net assets disposed	**(3)**
	297
Other liabilities relating to the exit	**(12)**
Impairment of right of use assets	**(111)**
	174

The assets and liabilities arising at the date of exit are as follows:

	€m
Cash and cash equivalents	**2**
Property, plant and equipment	**6**
Right of use assets	**55**
Total assets	**63**
Provisions for other liabilities and charges	**(3)**
Lease liabilities	**(53)**
Trade and other payables	**(4)**
Net assets disposed	**3**

The cash proceeds received on the disposal at the date of exit are as follows:

	€m
Disposal consideration received in cash	**300**
Cash and cash equivalents in subsidiary disposed	**(2)**
Cash inflow on disposal	**298**

Significant estimates and judgements
There was significant judgement involved in determining the accounting for the exit. The group determined that as the assets sold with the business were different in nature to the assets leased from PTI subsequent to the sale, the sale and lease would be accounted for separately, with the gain, (net of impairment for lease rates in excess of market; and liabilities to exit) of €174 million being credited to income upon exit and right of use assets being recognised for the full value of the capacity leased back from PTI of €251 million with a corresponding amount recognised as lease liabilities. The alternative accounting would have been not to recognise the gross amount of right of use assets and lease liabilities for the capacity leased back but to allocate the proceeds principally between the amount to be recognised as financial liability for future payments for the leases including a financing element for rates in excess of markets, and a gain on exit calculated as the proportion of rights considered transferred to PTI.

Significant estimation is required in respect of the determination of the financing adjustment recognised in respect of leasing arrangement of €111 million in terms of determining market related rates.

10. Profit on disposal of property, plant and equipment

	Period ended 31 Dec 2021 €m	Year ended 31 Dec 2022 €m
Profit/(loss) on disposal of property, plant and equipment	1	**(2)**
	1	**(2)**

During the period ended 31 December 2021, the group sold a number of properties for €4 million. See '*Cash flows from investing activities*' in the 'Group cash flow statement'.

11. Profit on disposal of right of use assets

	Period ended 31 Dec 2021 €m	Year ended 31 Dec 2022 €m
Profit on disposal of right of use assets	5	**-**
	5	**-**

During the period ended 31 December 2021, the group sold a number of mast sites for €4 million. See '*Cash flows from investing activities*' in the 'Group cash flow statement'.

12. Finance costs - net

	Period ended 31 Dec 2021 €m	Year ended 31 Dec 2022 €m
(a) Finance costs:		
Interest payable on bank loans and other debts	115	**91**
Net interest on net pension asset	(10)	**(4)**
Interest on lease liabilities	35	**26**
Amortisation of debt issue costs and debt fees	4	**5**
Other unwinding of discount and effect of changes in discount rate on provisions	(4)	**(5)**
Foreign exchange gain	-	**(2)**
Negative interest on cash deposits	1	**1**
	141	**112**
Write off of debt issue costs and debt fees	-	**5**
	141	**117**
(b) Finance income:		
Interest income	-	**(1)**
Discount on redemption of Senior Secured Notes	-	**(28)**
Gain on extinguishment of debt	-	**(3)**
	-	**(32)**
Finance costs – net	141	**85**

On 30 June 2022, the group entered into new Facility B borrowings of €765 million and transaction costs directly attributable to the new borrowings of €18 million will be amortised over the expected life of the borrowings.

The group prepaid €50 million of the principal amount of the Facility B borrowings during the year ended 31 December 2022 which resulted in a gain on extinguishment of debt of €3 million. This is the difference between the fair value of the consideration paid to extinguish the liability and the carrying value of the liability at that date.

The group redeemed €160 million of the 3.5% Senior Secured Notes due 2026, €70 million of the 1.75% Senior Secured Notes due 2024 and €69 million of the 2.625% Senior Secured Notes due 2027 in the year ended 31 December 2022. In total the group repurchased €299 million of the principal amount of the Senior Secured Notes for cash of €271 million resulting in a gain and this is included in the income statement as discount on redemption of Senior Secured Notes of €28 million.

See Note 29 for further information.

13. Income tax charge

	Period ended 31 Dec 2021 €m	Year ended 31 Dec 2022 €m
(a) **Recognised in the income statement**		
Current tax charge		
Current financial period	47	**29**
Adjustments for prior year periods	(2)	**(1)**
	45	**28**
Deferred tax credit		
Origination and reversal of temporary difference	(29)	**(11)**
	(29)	**(11)**
Total tax charge in income statement	16	**17**

The tax charge for the year ended 31 December 2022 includes a credit of €6 million (31 December 2021: €6 million) in respect of exceptional items (see Note 8).

(b) **Reconciliation of tax charge**
The tax on the group's profit before tax differs from the amount that would arise using the Irish statutory tax rate:

	Period ended 31 Dec 2021 €m	Year ended 31 Dec 2022 €m
Profit before tax	349	**63**
Tax calculated at Irish tax rates (12.5%)	44	**8**
Effects of:		
Non deductible expenses	10	**15**
Income taxable at higher rate	2	**4**
Income not subject to taxation	(38)	**(9)**
Adjustments in respect of prior periods	(2)	**(1)**
Tax charge for financial period (Note 13 (a))	16	**17**

The weighted average applicable tax rate was 12.5% (31 December 2021: 12.5%).

(c) Significant estimates and judgements

Current tax
The actual tax the group pays is determined according to complex tax laws and regulations. Where the effect of these laws and regulations are unclear, the group uses estimates in determining the liability for the tax to be paid. The group believes the estimates, assumptions and judgements are reasonable but the estimates can involve complex issues which may take a number of years to resolve. The final determination of tax liabilities could be different from the estimates reflected in the financial statements and may result in the recognition of an additional tax expense or tax credit in the income statement in future periods. The value of the group's current tax liability is disclosed on the balance sheet.

Deferred tax
Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. In particular, judgement is used when assessing the extent to which deferred tax assets should be recognised with consideration given to the timing and level of future taxable income. The carrying value of the group's deferred tax assets and liabilities are disclosed in Notes 19 and 30, respectively.

14. Goodwill

	31 Dec 2021 €m	31 Dec 2022 €m
Cost		
At beginning of financial period	754	**804**
Arising on acquisition of Evros Technology Group (Note 43)	50	**(7)**
At end of financial period	804	**797**
Accumulated impairments		
At beginning of financial period	(542)	**(562)**
Recognised during the financial period (Note 8(g))	(20)	**-**
At end of financial period	(562)	**(562)**
Net book value at end of financial period	242	**235**

Goodwill is not subject to amortisation. Instead, goodwill is tested for impairment annually as part of the cash generating unit ("CGU") to which it relates, and is carried at cost less accumulated impairment losses.

The majority of the group's goodwill carried forward from prior years relates to the acquisition of eircom Limited in June 2012, pursuant to a Scheme of Arrangement of creditors approved by the High Court. eircom Holdings (Ireland) Limited acquired 100% of the share capital of eircom Limited for consideration of €1. Goodwill of €836 million was recognised as the difference between the purchase consideration and the fair value of the individual assets and liabilities at the date of acquisition, 11 June 2012. The goodwill arose in part because eircom Limited was acquired for a nominal amount pursuant to the Scheme of Arrangement and because the pension obligation and the deferred tax balances were recognised in accordance with the measurement requirements of IAS 19 and IAS 12 respectively and not at fair value. No goodwill was allocated to the Mobile CGU. The group identified an impairment of €542 million in the year ended 30 June 2012 relating to the Fixed Line CGU.

In the year ended 30 June 2013, eircom Limited sold its 100% shareholding in eircom Phonewatch Limited and recognised disposal of goodwill of €102 million as a result of the transaction.

On 1 April 2016, the group acquired 100% of the share capital of Setanta Sports Channel Ireland Limited (a company incorporated in Ireland) as well as the Irish residential subscriber business and assets of Setanta Sports Hibernia Sàrl (together "Setanta Sports Ireland"). Goodwill of €20 million was recognised on the acquisition of Setanta Sports Ireland and allocated to the group's Fixed Line CGU. In the period ended 31 December 2021, the group made the decision to discontinue eir Sport and impaired the Setanta Sports Ireland goodwill of €20 million that was allocated to the Fixed Line CGU.

On 1 March 2021, the group acquired 100% of the share capital of Evros Technology Group, a leading IT services provider, based in Ireland. Goodwill of €50 million was provisionally recognised on the acquisition. The fair values have now been finalised and €43 million was recognised as the goodwill on the acquisition of Evros Technology Group and allocated to the group's Fixed Line CGU.

The CGU summary of the goodwill allocation is as follows:

	Fixed Line 31 Dec 2021 €m	Mobile 31 Dec 2021 €m	Fixed Line 31 Dec 2022 €m	Mobile 31 Dec 2022 €m
Goodwill	242	-	**235**	**-**

Impairment test of Fixed Line CGU as at 31 December 2022
An impairment test of the Fixed Line CGU was performed as at 31 December 2022 in accordance with IAS 36, Impairment of Assets. The impairment test has been undertaken at the year end date. Tangible and intangible assets are an integrated part of the CGU carrying values and are tested together with the goodwill. No impairment was identified.

An impairment test of the Fixed Line CGU is required annually as it contains goodwill. An impairment test of the Mobile CGU is not required as at 31 December 2022 as the group held no Mobile intangible assets not yet available for use for which the recoverable amount could not be estimated on an individual asset basis. The Directors concluded that there was no indicator of impairment and consequently no test of impairment was required to be performed.

14. Goodwill - continued

Impairment testing methodology
The recoverable amount of the CGU is determined on the basis of the higher of the fair value less costs to sell and value-in-use, using the discounted cash flow (DCF) method. Cash flows for the years beyond the approved business plans are extrapolated using the estimated long-term growth rates stated below. The cash flows are discounted using the discount rates stated below.

The cash flows and assumptions used as of 31 December 2022 for the impairment test are consistent with the assumptions that would be made by a market participant acquiring the CGU.

Key assumptions
The key assumptions are based on past experience, adjusted for expected changes in future conditions. Key assumptions involved in the calculation of value in use include management's estimates of future operating cash-flows, capital expenditure requirements, tax considerations, discount rates and long-term growth rates. The key assumptions in relation to long-term growth rates and discount rates were benchmarked against external information on comparable companies in similar markets.

The group considers the business plan and long-term projections to be reasonable in view of the anticipated long-term performance of the Irish economy and consistent with the assumptions that would be used by a market participant. Adjustments are made to the business plan cash flows to take account of possible variations in the amount or timing of cash flows, which can be affected by factors such as increased competitor activity, the roll-out of new technologies and the timing of the introduction of new services, pricing trends, termination rates, customer acquisition costs, margin levels and restructuring programmes, such that the estimated cash flows reflect the range of possible outcomes for each CGU's future trading performance.

Cash flow projections
At 31 December 2022 and 31 December 2021, these calculations used post-tax cash flow projections based on business plans approved by management, as adjusted for market participant assumptions, covering a period up to 31 December 2027.

The other key assumptions used for impairment for the Fixed Line and Mobile CGUs are as follows:

	Fixed Line 31 Dec 2021	**Mobile 31 Dec 2021**	**Fixed Line 31 Dec 2022**	**Mobile 31 Dec 2022**
Long-term growth rates	-0.75%	N/A	**-0.75%**	**N/A**
Discount rates (Pre-tax)	5.56%	N/A	**5.29%**	**N/A**
Discount rates (Post-tax)	4.87%	N/A	**4.63%**	**N/A**
Budgeted EBITDA[1]	0.28%	N/A	**0.91%**	**N/A**
Budgeted capital expenditure[2]	10%-24%	N/A	**25%**	**N/A**

Notes:
[1] Budgeted EBITDA is expressed as the compound annual growth rates over the periods covered by the business plans for all cash-generating units of the plans used for impairment testing.

[2] Budgeted capital expenditure is expressed as the range of capital expenditure as a percentage of revenue (for all periods covered by the business plans plus the terminal value).

Long Term Growth Rates
The long-term growth rates are determined based on the long-term historical growth rates of the sectors in which the CGUs operate, and reflect an assessment of the long-term growth prospects of the sectors. The growth rates have been benchmarked against external data for the relevant markets. None of the growth rates applied exceed the long-term historical average growth rates for those markets or sectors.

Discount Rates
The discount rates used reflect specific risks relating to the CGUs. The assumptions used have been benchmarked to externally available data. The methodology is based on the Capital Asset Pricing Model (CAPM). At 31 December 2022, the yield on fifteen-year Irish government bonds provided the basis for the risk free rate, which was then adjusted to take account of market risks specific to the CGUs. The group has used Irish government bond yields as the basis for the risk-free rate in keeping with its observations of practices applied by external market analysts in determining appropriate weighted average costs of capital for Irish companies. In estimating the discount rate under CAPM, in addition to the risk-free rate, other inputs required are the equity market risk premium (that is the excess return required over and above a risk free rate by an investor who is investing in the market as a whole) and the risk adjustment factor known as beta is applied to reflect the risk of the specific CGU operations relative to the market as a whole. In determining the risk adjusted discount rate, management has applied an adjustment for the risk of the group's CGUs determined using an average of the observed betas of comparable companies.

14. Goodwill - continued

Significant estimates and judgements

Making appropriate assumptions on non-financial asset impairment reviews
The group undertakes a review for impairment of goodwill, intangible assets not yet available for use annually and for other non-financial assets if events or circumstances indicate that the carrying amount may not be recoverable.

Factors which the group consider could trigger an impairment include, but are not limited to the following: (1) significant negative industry or economic trends, (2) current, historical or projected losses that demonstrate continuing losses, (3) results of fair market valuations performed or (4) changes in key assumptions underpinning the fair value less cost to sell and value in use calculations. These impairment charges under IFRS are based upon the excess of the carrying amount of the asset over its recoverable amount, which is the higher of the fair value less cost to sell and its value in use, based on discounted future cash flows. When an asset is not recoverable in full, impairment is measured as the excess of carrying value over the recoverable amount of the long-life asset. Management incorporates estimates when evaluating the carrying amount, the recoverable amount, the value in use and the fair value less cost to sell. Changes in these estimates directly affect management's assessment of whether an impairment charge is required and the amount of the impairment charge recorded.

The discount rate used in impairment testing is derived from a weighted average cost of capital ("WACC") which is impacted by interest rates and market risk premiums, estimated for companies in the telecommunications sector. There is a risk that the WACC could increase significantly in future periods, depending on market volatility. There is also a risk of deterioration in the budgeted future cash flows as a result of the current economic environment.

Any significant deterioration in the budgeted future cash flows or changes in WACC or estimates in respect of terminal growth rates could result in a further impairment of our goodwill and/or non-financial assets, which could have a further negative effect on operating profits and assets. Future cash flows would not be impacted by any impairment provision.

15. Other intangible assets

	Computer software €m	Trademarks €m	Contracts and related customer relationships €m	TV content rights €m	Licence €m	Total €m
Cost						
At 1 July 2020	452	127	54	10	207	850
Arising on acquisition (Note 43)	1	-	26	-	-	27
Additions	41	-	-	-	-	41
Disposals/retirements	-	(127)	(54)	(10)	-	(191)
At 31 December 2021	**494**	**-**	**26**	**-**	**207**	**727**
Additions	**39**	**-**	**-**	**-**	**-**	**39**
Goodwill reassignment	**-**	**-**	**7**	**-**	**-**	**7**
Disposals/retirements	**(5)**	**-**	**-**	**-**	**-**	**(5)**
At 31 December 2022	**528**	**-**	**33**	**-**	**207**	**768**
Accumulated Amortisation						
At 1 July 2020	381	120	54	5	94	654
Charge for the financial period	39	7	2	-	18	66
Transfer from tangible assets	1	-	-	-	-	1
Disposals/retirements	-	(127)	(54)	(5)	-	(186)
At 31 December 2021	**421**	**-**	**2**	**-**	**112**	**535**
Charge for the financial period	**28**	**-**	**3**	**-**	**12**	**43**
Disposals/retirements	**(5)**	**-**	**-**	**-**	**-**	**(5)**
At 31 December 2022	**444**	**-**	**5**	**-**	**124**	**573**
Net Book Value at 31 December 2022	**84**	**-**	**28**	**-**	**83**	**195**
Net Book Value at 31 December 2021	73	-	24	-	95	192

Assets in the course of completion and other intangible assets not yet available for use included in other intangibles assets are €16 million (31 December 2021: €14 million).

Computer software relates to internal and external capitalised software development costs.

Significant estimates and judgements
Establishing lives for amortisation purposes of intangible assets
The group has significant levels of intangible assets. The amortisation charge is dependent on the estimated lives allocated to each type of intangible asset. The Directors regularly review these asset lives and change them as necessary to reflect current thinking on remaining lives and the expected pattern of consumption of the future economic benefits embodied in the asset. Changes in asset lives can have a significant impact on amortisation charges for the period.

For additional information see details of the useful lives set out in Note 3.4.

16. Property, plant and equipment ("PPE")

	Land and Buildings €m	Network, Plant And Equipment €m	Total €m
Cost			
At 1 July 2020	235	3,223	3,458
Arising on acquisition (Note 43)	-	1	1
Additions	-	383	383
Disposals/retirements	(4)	(12)	(16)
At 31 December 2021	**231**	**3,595**	**3,826**
Additions	**1**	**246**	**247**
Disposals/retirements	**-**	**(12)**	**(12)**
At 31 December 2022	**232**	**3,829**	**4,061**
Accumulated Depreciation			
At 1 July 2020	140	2,005	2,145
Charge for financial year	17	378	395
Transfer to intangible assets	-	(1)	(1)
Disposals/retirements	(2)	(11)	(13)
At 31 December 2021	**155**	**2,371**	**2,526**
Charge for financial year	**4**	**240**	**244**
Disposals/retirements	**-**	**(10)**	**(10)**
At 31 December 2022	**159**	**2,601**	**2,760**
Net Book Value at 31 December 2022	**73**	**1,228**	**1,301**
Net Book Value at 31 December 2021	76	1,224	1,300

The group's policy is to review the remaining economic lives and residual values of property, plant and equipment on an ongoing basis and to adjust the depreciation charge to reflect the remaining estimated life and residual value. The review for the year ended 31 December 2022 and for the period ended 31 December 2021 resulted in no material adjustments to asset lives.

Assets in the course of construction not yet available for use included in property, plant and equipment are €190 million (31 December 2021: €166 million).

The depreciation charged in the income statement is net of capital grants amortised during the financial year as follows:-

	Period ended 31 Dec 2021 €m	Year ended 31 Dec 2022 €m
Depreciation	395	**244**
Amortisation of capital grants	-	**(1)**
	395	**243**

Significant estimates and judgements

Establishing lives for depreciation purposes of property, plant and equipment

Long-life assets, consisting primarily of property, plant and equipment, comprise a significant portion of the total assets. The annual depreciation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of fair values and residual values. The Directors regularly review these asset lives and change them as necessary to reflect current thinking on remaining lives in light of technological change, prospective economic utilisation, physical condition of the assets concerned and other factors that may impact on the remaining useful lives of assets. Changes in asset lives can have a significant impact on depreciation charges for the period. It is not practical to quantify the impact of changes in asset lives on an overall basis as asset lives are individually determined and there are a significant number of asset lives in use. The impact of any change would vary significantly depending on the individual changes in assets and the classes of assets impacted. For additional information see details of the useful lives set out in Note 3.13.

17. Right of use assets and lease liabilities

The group has lease contracts for various items of property, vehicles and mobile cell sites that are used in its operations. Most of the group's leased assets are in relation to property and the network infrastructure, mobile cell sites. Leases of property have lease terms between 1 and 30 years, while vehicles have lease terms between 1 and 4 years and mobile cell sites generally have lease terms between 1 and 25 years.

Right of use assets
The carrying amounts of right of use assets and the movements during the period are set out below:

	Property €m	Computer Equipment €m	Vehicles €m	Mobile Cell Sites €m	Total €m
Cost					
At 1 July 2020	110	-	24	145	279
Arising on acquisition (Note 43)	3	1	-	-	4
Additions	1	-	3	351	355
Transfers	(6)	-	-	6	-
Modifications	(1)	-	-	6	5
Disposals/retirements	(2)	-	(5)	(4)	(11)
At 31 December 2021	**105**	**1**	**22**	**504**	**632**
Additions	**8**	**-**	**5**	**39**	**52**
Provision for other additions	**2**	**-**	**-**	**-**	**2**
Modifications	**-**	**-**	**-**	**1**	**1**
Disposals/retirements	**(3)**	**-**	**-**	**(3)**	**(6)**
At 31 December 2022	**112**	**1**	**27**	**541**	**681**
Accumulated Depreciation					
At 1 July 2020	11	-	6	18	35
Charge for financial year	18	-	7	45	70
Non-cash fair value lease credits	(1)	-	-	-	(1)
Modifications	(1)	-	-	-	(1)
Impairments	-	-	-	148	148
Disposals/retirements	(1)	-	(5)	(1)	(7)
At 31 December 2021	**26**	**-**	**8**	**210**	**244**
Charge for financial year	**12**	**1**	**6**	**31**	**50**
Non-cash fair value lease credits	**(1)**	**-**	**-**	**-**	**(1)**
Impairments	**9**	**-**	**-**	**14**	**23**
Disposals/retirements	**(2)**	**-**	**-**	**(2)**	**(4)**
At 31 December 2022	**44**	**1**	**14**	**253**	**312**
Net Book Value at 31 December 2022	**68**	**-**	**13**	**288**	**369**
Net Book Value at 31 December 2021	79	1	14	294	388

17. Right of use assets and lease liabilities - continued

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

	31 Dec 2021 €m	31 Dec 2022 €m
At beginning of financial period	330	**627**
Arising on acquisition (Note 43)	4	**-**
Additions	355	**52**
Modifications	5	**1**
Disposals	(4)	**(3)**
Interest	35	**26**
Payments	(98)	**(73)**
	627	**630**
Non-current	575	**572**
Current	52	**58**
	627	**630**

The maturity analysis of lease liabilities are disclosed in Note 4.1.

The following are the amounts recognised in the income statement:

	31 Dec 2021 €m	31 Dec 2022 €m
Depreciation of right of use assets	(70)	**(50)**
Impairment of leased assets	(148)	**(23)**
Profit on disposal/modifications of right of use assets	5	**-**
Interest on lease liabilities	(35)	**(26)**
Total charge included in the income statement	(248)	**(99)**

The impairment of leased assets recognised in the income statement:

	31 Dec 2021 €m	31 Dec 2022 €m
Impairment of lease related revenue	(13)	**(10)**
Impairment of right of use assets (Note 7)	(24)	**(13)**
Impairment of right of use assets (Note 9)	(111)	**-**
Impairment of leased assets	(148)	**(23)**

The group had total cash outflows for leases of €73 million in the year ended 31 December 2022 (31 December 2021: €98 million). The group also had non-cash additions to right of use assets and lease liabilities of €52 million in the year ended 31 December 2022 (31 December 2021: €355 million).

In the period ended 31 December 2021, €251 million of the group’s total additions of €355 million to right of use assets and lease liabilities had arisen due to the leasing of capacity subsequent to the exit from subsidiary undertaking (Note 9).

18. Investments

Investment in Subsidiary

Fibre Networks Ireland Limited

In June 2022, the group completed the transaction with InfraVia Capital Partners for its wholesale fibre broadband network that will help to accelerate the roll-out of ultrafast fibre-to-the-home broadband across Ireland. A new subsidiary was formed, Fibre Networks Ireland Limited (“FNI”), with InfraVia taking a substantial minority share in the group’s fibre network. InfraVia, is a leading independent private equity firm specialising in infrastructure and technology investments.

Fibre Networks Ireland Limited purchased the fibre business for €1.9 billion with cash consideration received from InfraVia of €624 million and €625 million received from eircom Limited. The balance was funded by using part of the FNI loan proceeds of €765 million.

The summarised financial information of FNI is provided below (selected lines). This information is based on amounts before inter-company eliminations.

	Period ended 31 Dec 2022 €m
Revenue	**96**
Loss for the financial period	**(169)**
Other comprehensive income	**21**
Total comprehensive expense for the financial period	**(148)**
Attributable to non-controlling interests	**(74)**

	31 Dec 2022 €m
ASSETS	
Non-current assets	**640**
Current assets	**52**
Total assets	**692**
LIABILITIES	
Non-current liabilities	**794**
Current liabilities	**44**
Total liabilities	**838**
EQUITY	
Total equity	**(146)**
Total liabilities and equity	**692**
Attributable to non-controlling interests	550

18. Investments- continued

Investment in Joint Venture

Tetra Ireland Communications Limited
At 31 December 2021, the group had a joint venture in Tetra Ireland Communications Limited ("Tetra"). During the period ended 31 December 2021, the Board of Directors approved a plan to sell its majority stake in Tetra Ireland Communications Limited. The sale was expected to be completed within a year from the reporting date. At 31 December 2021, Tetra was classified as a disposal asset held for sale. See Note 27 for further information.

On 23 March 2022, the group completed the sale of its joint venture in Tetra Ireland Communications Limited ("Tetra"), a provider of secure communications for use by emergency services and non-commercial public bodies.

The following tables present, on a condensed basis, the summarised financial information of Tetra. The information disclosed reflects the amount reported in the financial statements of Tetra and not the group's share of those amounts.

	Period ended 31 Dec 2021 €m	**Period ended 23 March 2022 €m**
Revenue	56	**8**
Operating costs excluding depreciation and exceptional item	(29)	**(5)**
Depreciation	(2)	**(1)**
Exceptional item	(1)	-
Operating profit	24	**2**
Income tax charge	(3)	-
Profit for the financial period	21	**2**

	Period ended 31 Dec 2021 €m	**Period ended 23 March 2022 €m**
Profit for the financial period	21	**2**
Other comprehensive income	-	-
Total comprehensive income for the financial period	21	**2**

	31 Dec 2021 €m	**31 Dec 2022 €m**
ASSETS		
Non-current assets	27	-
Cash and cash equivalents	3	-
Other current assets	6	-
Total assets	36	-
LIABILITIES		
Non-current liabilities	8	-
Current liabilities	17	-
Total liabilities	25	-
EQUITY		
Total equity	11	-
Total equity	11	-
Total liabilities and equity	36	-

19. Deferred tax asset

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

The group has unrecognised deferred tax assets in respect of tax losses available to be carried forward and utilised in full against taxable profits in the future arising in the UK amounting to €3 million which has not met the recognition criteria.

Recognised deferred tax assets
Deferred tax assets are attributable to the following:

	Assets 31 Dec 2022 €m	**Liabilities 31 Dec 2022 €m**	**Net 31 Dec 2022 €m**
Tax loss carry forward	**2**	**-**	**2**
	2	**-**	**2**

	Assets 31 Dec 2021 €m	**Liabilities 31 Dec 2021 €m**	**Net 31 Dec 2021 €m**
Tax loss carry forward	2	-	2
	2	-	2

The movement in deferred tax assets is as follows:

	1 Jan 2022 €m	**Recognised in income statement credit/(charge) €m**	**Recognised in other comprehensive income €m**	**31 Dec 2022 €m**
Tax loss carry forward	**2**	**-**	**-**	**2**
	2	**-**	**-**	**2**

	1 July 2020 €m	**Recognised in income statement credit/(charge) €m**	**Recognised in other comprehensive income €m**	**31 Dec 2021 €m**
Tax loss carry forward	1	1	-	2
Property, plant and equipment	1	(1)	-	-
	2	-	-	2

20. Other assets

	31 Dec 2021 €m	31 Dec 2022 €m
Deposits and other non-current assets	1	**-**
Loan advanced to holding company	13	**13**
	14	**13**

The loan advanced to holding company is non interest bearing and subordinated to unsecured debt.

21. Inventories

	31 Dec 2021 €m	31 Dec 2022 €m
Network development and maintenance stocks	14	**29**
Consumable and other stocks	8	**8**
	22	**37**

The cost of inventories recognised as an expense and included in "operating costs" amounted to €66 million (31 December 2021: €87 million). The net replacement cost of stocks is not expected to be materially different from that shown above.

During the year ended 31 December 2022, the group recognised a loss for impaired inventories of €1 million (31 December 2021: €1 million), reversed previous recognised impaired inventories of €Nil (31 December 2021: €Nil), and utilised provisions for impaired inventories of €1 million (31 December 2021: €1 million). The creation and reversal of provisions for impaired inventories have been included in "operating costs" in the income statement.

22. Trade and other receivables

	31 Dec 2021 €m	31 Dec 2022 €m
Current assets:		
Trade receivables	167	**163**
Less: Allowance for expected credit losses	(30)	**(35)**
Trade receivables – net	137	**128**
Prepayments and accrued income	45	**57**
Tax receivables	1	**6**
Other current assets	3	**3**
Receivables from related undertaking	1	**1**
	187	**195**

The fair values of trade and other receivables approximate to their carrying amounts.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

The amount of the provision for expected credit losses of trade receivables was €35 million as of 31 December 2022 (31 December 2021: €30 million). Total additional provisions of €8 million (31 December 2021: €7 million) relate to individual expected credit losses of €Nil (31 December 2021: €Nil) and collective expected credit losses of €8 million (31 December 2021: €7 million).

Significant estimates and judgements

Providing for expected credit losses

The group provides services to individuals and business customers on credit terms. The group expects that some debts due will not be paid as a result of the default of a small number of customers. The group uses estimates based on historical and current experience in determining the level of debts which may not be collected. These estimates include such factors as the current state of the Irish economy and particular industry issues. If the Irish economy deteriorated or negative industry trends occurred, there might be an increase in the estimated level of debts that may not be collected, which would negatively impact the operating results. Trade receivables are reviewed regularly to assess the adequacy of the provision for expected credit losses in accordance with IFRS 9. The credit loss rates used are based on actual collection statistics and applied to each aged debt bracket to ascertain the provision for expected credit losses. The regular reviews of trade receivables will reduce any differences between loss estimates and actual loss experience.

Allowance for expected credit losses

The following table shows the movement in the allowance for expected credit losses of trade receivables:

	31 Dec 2021 €m	31 Dec 2022 €m
At beginning of financial period	29	**30**
Provision for expected credit losses	7	**8**
Write-off	(6)	**(3)**
At end of financial period	30	**35**

The creation and reversal of allowance for expected credit losses are included in “operating costs” in the income statement.

23. Contract assets

As of 31 December 2022, the group has contract assets of €25 million (31 December 2021: €31 million). The following table shows the movement in contract assets:

	31 Dec 2021 €m	31 Dec 2022 €m
At beginning of financial period	41	**31**
Additions	56	**26**
Releases	(62)	**(29)**
Impairments	(4)	**(3)**
	(10)	**(6)**
At end of financial period	31	**25**
Non-current	6	**5**
Current	25	**20**
	31	**25**

Significant estimates and judgements

Allocation of revenue between performance obligations

The standalone price determined for the performance obligations within contracts materially impact the allocation of revenue between performance obligations. The determination of the standalone price requires judgement and impacts the allocation of the transaction price when revenue is recorded in cases where obligations are provided to customers at different times – for example, the allocation of revenue between handsets, which are usually delivered up-front, and services which are typically delivered over the contract period.

24. Restricted cash

The restricted cash of €56 million (31 December 2021: €1 million) is in relation to cash lodged in respect of a spectrum licence application of €55 million and €1 million for security in respect of ancillary facilities. The interest earned on these deposits, after deduction of any taxation payable, is due to the group.

The maximum exposure to credit risk at the reporting date is €56 million (31 December 2021: €1 million).

25. Cash and cash equivalents

	31 Dec 2021 €m	31 Dec 2022 €m
Cash at bank and on hand	107	**149**
Short-term bank deposits	180	**358**
Cash and cash equivalents	287	**507**

The book value of cash and cash equivalents approximates their fair value. At 31 December 2022, the effective interest rate on short term bank deposits was 1.7%. These deposits had a weighted average maturity of 15 days.

The maximum exposure to credit risk at the reporting date is the carrying value of cash and cash equivalents mentioned above.

26. Derivative financial instruments

	Carrying Amount		Fair Value	
	31 Dec 2021 €m	**31 Dec 2022 €m**	**31 Dec 2021 €m**	**31 Dec 2022 €m**
Non-current assets				
Interest rate swaps – cash flow hedges	-	**17**	-	**17**
Current assets				
Interest rate swaps – cash flow hedges	-	**7**	-	**7**
Total assets	-	**24**	-	**24**

The group does not use derivatives for trading or speculative purposes.

Interest rate swaps – cash flow hedges
The notional principal amount of the four active interest rate swap contracts designated and eligible for hedge accounting was €536 million at 31 December 2022. The swaps cover the period up to 31 May 2026.

At 31 December 2022, the fixed interest rate on the interest rate swaps was between 1.463% and 2.563% and the floating rate was based on 3-month EURIBOR.

Gains recognised in the cash flow hedging reserve in equity on interest rate swaps as of 31 December 2022 will be released to the income statement when the hedged interest expense is recognised over the period to 31 May 2026.

Fair value
The fair value of derivative financial instruments are determined through the use of external market data available publicly (classified as level 2 in the fair value hierarchy).

27. Assets held for sale

31 December 2022
There were no assets held for sale as at 31 December 2022.

31 December 2021
During the period ended 31 December 2021, the Board of Directors approved a plan to sell its majority stake in Tetra Ireland Communications Limited. The sale was expected to be completed within a year from the reporting date and Tetra was classified as a disposal asset held for sale at 31 December 2021

On 23 March 2022, the group completed the sale of its joint venture in Tetra Ireland Communications Limited ("Tetra"), a provider of secure communications for use by emergency services and non-commercial public bodies.

See Note 18 for further information.

The assets for Tetra Ireland Communications classified as held for sale as at 31 December 2021 are as follows:

	31 Dec 2021 €m
Investments	**6**
Receivables from joint ventures	**1**
Assets held for sale	**7**

28. Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

Assets as per balance sheet	**Derivatives used for hedging**	**Assets at fair value through profit or loss**	**Financial assets at amortised cost**	**Total**
	€m	**€m**	**€m**	**€m**
Derivative financial instruments	**24**	**-**	**-**	**24**
Other assets	**-**	**-**	**13**	**13**
Trade receivables	**-**	**-**	**128**	**128**
Other current assets	**-**	**-**	**3**	**3**
Receivables from other related parties	**-**	**-**	**1**	**1**
Restricted cash	**-**	**-**	**56**	**56**
Cash and cash equivalents	**-**	**-**	**507**	**507**
At 31 December 2022	**24**	**-**	**708**	**732**
Other assets	-	-	13	13
Trade receivables	-	-	137	137
Other current assets	-	-	3	3
Receivables from other related parties	-	-	1	1
Restricted cash	-	-	1	1
Cash and cash equivalents	-	-	287	287
At 31 December 2021	-	-	442	442

Liabilities as per balance sheet	**Liabilities at fair value through profit or loss**	**Liabilities at amortised cost**	**Total**
	€m	**€m**	**€m**
Borrowings	**-**	**2,945**	**2,945**
Trade payables	**-**	**176**	**176**
Interest payable	**-**	**10**	**10**
Amounts owed to related party	**-**	**4**	**4**
Accruals	**-**	**174**	**174**
TIS liabilities	**-**	**3**	**3**
At 31 December 2022	**-**	**3,312**	**3,312**
Borrowings	-	2,537	2,537
Trade payables	-	209	209
Interest payable	-	7	7
Amounts owed to related party	-	4	4
Accruals	-	153	153
TIS liabilities	-	4	4
At 31 December 2021	-	2,914	2,914

28. Financial instruments by category – continued

Fair value hierarchy
The table below shows for the group's financial assets that are recognised and subsequently measured at fair value their classification within a three-level fair value hierarchy.

Level 1 comprises financial assets and liabilities valued using quoted market prices in active markets at the balance sheet date. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an arm's length basis on an on-going basis.

Level 2 comprises financial assets and liabilities valued using techniques based significantly on observable market data. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

Level 3 comprises financial assets and liabilities valued using techniques where the impact of the non-observable market data is significant in determining the fair value of the instrument.

Financial assets held at fair value	**Level 1 €m**	**Level 2 €m**	**Level 3 €m**	**Total €m**
Derivative financial instruments	**-**	**24**	**-**	**24**
At 31 December 2022	**-**	**24**	**-**	**24**
Derivative financial instruments	-	-	-	-
At 31 December 2021	-	-	-	-

29. Borrowings

	Carrying Value		Fair Value	
	31 Dec 2021 €m	31 Dec 2022 €m	31 Dec 2021 €m	31 Dec 2022 €m
Non-current liabilities				
Bank borrowings (Facility B)	1,100	**1,050**	1,092	**1,029**
Debt fees	(7)	**(5)**	-	**-**
	1,093	**1,045**	1,092	**1,029**
Bank borrowings (FNI Facility B)	-	**765**	-	**765**
Debt fees	-	**(16)**	-	**-**
	-	**749**	-	**765**
3.5% Senior Secured Notes due 2026	750	**590**	761	**535**
1.75% Senior Secured Notes due 2024	350	**280**	350	**268**
2.625% Senior Secured Notes due 2027	350	**281**	344	**237**
Debt issue costs	(6)	**-**	-	**-**
	1,444	**1,151**	1,455	**1,040**
Total Borrowings	2,537	**2,945**	2,547	**2,834**

Bank borrowings (Facility B)
At 31 December 2022, the group has Senior Bank borrowings (Facility B) of €1,050 million, which are subject to a Senior Facilities Agreement, with a maturity date of 15 May 2026.

In May 2019, the group entered into new Facility B borrowings of €400 million under the existing Senior Facilities Agreement, with a maturity date of 15 May 2026. The group used €200 million of the proceeds to prepay part of the non-extending Facility B1 borrowings. The group also agreed an extension of €945 million of its existing Facility B borrowings to 15 May 2026. In July 2019, the group agreed an extension to its non-extending Facility B1 borrowings of €455 million by two years to 15 May 2026. There was no change to the interest terms and the Facility B borrowings are still subject to cash-pay interest at the same rate. In October 2019, the group used the proceeds from the 1.75% Senior Secured Notes issue to prepay €350 million of the Facility B borrowings. Then, in November 2019, the group used the proceeds from the 2.625% Senior Secured Notes issue to prepay a further €350 million of the Facility B borrowings.

During the year ended 31 December 2022, the group prepaid €50 million of the principal amount of the Facility B borrowings with a maturity date of 15 May 2026. The prepayment of Facility B borrowings was accounted for as an extinguishment of debt and resulted in an accounting gain of €3 million in the income statement within 'finance costs - net'.

Bank borrowings (FNI Facility B)
On 30 June 2022, Fibre Network Ireland Limited ('FNI') entered into new Facility B borrowings of €765 million, which are subject to a Senior Facilities Agreement, with a maturity date of 30 June 2029. Transaction costs of €18 million directly attributable to the new borrowings have been deferred to the balance sheet and will be amortised over the expected life of the borrowings through finance costs in the income statement using the effective interest method under IFRS 9.

Senior Secured Notes
In May 2019, the group issued €750 million in Senior Secured Notes with a maturity date of 15 May 2026. The Notes are subject to fixed rate cash-pay interest at 3.5% payable in semi-annual instalments in May and November each year. The Notes were issued by the group's wholly owned subsidiary, eircom Finance DAC. The Notes rank equally in priority of payment with the existing borrowings subject to the Senior Facilities Agreement.

In October 2019, the group issued €350 million in Senior Secured Notes with a maturity date of 1 November 2024. These Notes are subject to fixed rate cash-pay interest at 1.75% payable in semi-annual instalments in May and November each year. In November 2019, the group issued a further €350 million in Senior Secured Notes with a maturity date of 15 February 2027 and the Notes are subject to fixed rate cash-pay interest at 2.625% payable in semi-annual instalments in May and November each year. The group used the €700 million proceeds from the Senior Secured Notes to prepay part of the Facility B borrowings.

During the year ended 31 December 2022, the group redeemed €160 million of the 3.5% Senior Secured Notes due 2026, €70 million of the 1.75% Senior Secured Notes due 2024 and €69 million of the 2.625% Senior Secured Notes due 2027 in the year ended 31 December 2022. In total the group repurchased €299.4 million of the principal amount of the Senior Secured Notes for cash of €271.5 million and the gain of €28 million was included in the income statement within 'finance costs - net' as discount on redemption of Senior Secured Notes.

Transaction costs are initially deferred and are subsequently amortised over the expected life of the borrowings through finance costs in the income statement using the effective interest method under IFRS 9.

29. Borrowings – continued

Fair values
The fair value of borrowings are determined by reference to quoted market prices in active markets at the balance sheet date (classified as level 1 in the fair value hierarchy). The fair value of Senior Secured Notes are determined by reference to quoted market prices in active markets at the balance sheet date (classified as level 1 in the fair value hierarchy).

Maturity of financial 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
Bank borrowings (Facility B)	**-**	**-**	**1,050**	**-**	**1,050**
Debt modification 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**
At 31 December 2022	**-**	**280**	**1,916**	**749**	**2,945**
Bank borrowings (Facility B)	-	-	1,100	-	1,100
Debt modification fees	-	-	(7)	-	(7)
	-	-	1,093	-	1,093
3.5% Senior Secured Notes due 2026	-	-	750	-	750
1.75% Senior Secured Notes due 2024	-	-	350	-	350
2.625% Senior Secured Notes due 2027	-	-	-	350	350
Debt issue costs	-	-	(5)	(1)	(6)
	-	-	1,095	349	1,444
At 31 December 2021	-	-	2,188	349	2,537

Borrowing facilities
The group has a €50 million revolving credit facility, which was undrawn at 31 December 2022 (31 December 2021: €50 million).

Separately, FNI has a €200 million undrawn Facility C term loan and a €35 million undrawn revolving credit facility at 31 December 2022.

Currency
All of the group's borrowings are denominated in euro.

30. Deferred tax liabilities
Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

Recognised net deferred tax liabilities
Net deferred tax liabilities are attributable to the following:

	Assets 31 Dec 2022 €m	**Liabilities 31 Dec 2022 €m**	**Net 31 Dec 2022 €m**
Intangibles	**-**	**(1)**	**(1)**
Property, plant and equipment	**-**	**(46)**	**(46)**
Right of use assets and lease liabilities	**29**	**-**	**29**
Deferred revenues	**1**	**-**	**1**
Derivative financial instruments	**-**	**(3)**	**(3)**
Pensions	**-**	**(89)**	**(89)**
	30	**(139)**	**(109)**

	Assets 31 Dec 2021 €m	**Liabilities 31 Dec 2021 €m**	**Net 31 Dec 2021 €m**
Intangibles	-	(1)	(1)
Property, plant and equipment	-	(53)	(53)
Right of use assets and lease liabilities	26	-	26
Deferred revenues	1	-	1
Pensions	-	(44)	(44)
	27	(98)	(71)

The movement in net deferred tax liabilities was as follows:

	1 Jan 2022 €m	**Recognised in income statement credit/(charge) €m**	**Recognised in other comprehensive income €m**	**31 Dec 2022 €m**
Intangibles	**(1)**	**-**	**-**	**(1)**
Property, plant and equipment	**(53)**	**7**	**-**	**(46)**
Right of use assets and lease liabilities	**26**	**3**		**29**
Deferred revenues	**1**	**-**	**-**	**1**
Derivative financial instruments	**-**	**-**	**(3)**	**(3)**
Pensions	**(44)**	**1**	**(46)**	**(89)**
	(71)	**11**	**(49)**	**(109)**

	1 July 2020 €m	**Recognised in income statement credit/(charge) €m**	**Recognised in other comprehensive income €m**	**31 Dec 2021 €m**
Intangibles	(3)	2	-	(1)
Property, plant and equipment	(55)	2	-	(53)
Right of use assets and lease liabilities	2	24	-	26
Deferred revenues	1	-	-	1
Pensions	(59)	1	14	(44)
	(114)	29	14	(71)

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

31. 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
Balance at 1 July 2020	36	6	52	-	37	131
Arising on acquisition	-	-	-	22	-	22
Charged/(credited) to consolidated income statement:						
- Additional provisions	1	-	-	-	9	10
- Unwinding of discount	-	-	(5)	-	-	(5)
Transfer to receivables	-	-	-	-	(1)	(1)
Increase in provision capitalised as asset retirement obligation	-	-	6	-	-	6
Utilised in the financial period	(4)	(2)	-	(16)	(10)	(32)
At 31 December 2021	33	4	53	6	35	131
Balance at 1 January 2022	**33**	**4**	**53**	**6**	**35**	**131**
Charged/(credited) to consolidated income statement:						
- Additional provisions	**4**	**-**	**-**	**-**	**6**	**10**
- Unused amounts reversed	**(1)**	**-**	**-**	**-**	**-**	**(1)**
- Unwinding of discount and change in discount rate	**(5)**	**-**	**-**	**-**	**-**	**(5)**
Provision included in right of use assets	**2**	**-**	**-**	**-**	**-**	**2**
Transfer to receivables	**-**	**-**	**-**	**-**	**2**	**2**
Decrease in provision capitalised as asset retirement obligation	**-**	**-**	**(2)**	**-**	**-**	**(2)**
Utilised in the financial year	**(4)**	**(1)**	**-**	**(2)**	**(7)**	**(14)**
At 31 December 2022	**29**	**3**	**51**	**4**	**36**	**123**

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

	31 Dec 2021 €m	31 Dec 2022 €m
Non-current	97	**87**
Current	34	**36**
	131	**123**

(a) Onerous contracts
The group has onerous contracts associated with vacant offices and leasehold properties, mainly arising from the liability recognised on the acquisition of eircom Limited in June 2012 and the more recent operational restructurings. The group also has onerous contracts associated with ongoing data centre operations.

The group transferred the onerous lease liabilities for rental and exit costs on transition to IFRS 16 to ‘Right of Use Assets’ as an impairment of those assets. The remaining onerous contracts provision of €29 million (31 December 2021: €33 million) is mainly for rates, facilities and services charges in relation to the leasehold properties.

At 31 December 2022, the liabilities are expected to be discharged over a period of one to eleven years, and these anticipated cash flows are discounted using a risk free rate of return of between 2.2% and 2.4%.

Significant estimates and judgements
The group has estimated the future cash outflows arising from these onerous contracts. The estimation of outflows reflect current economic conditions and estimates are used in determining the level of provisions required in respect of these leasehold properties.

31. Provisions for other liabilities and charges - continued

(b) Temporary income stream ("TIS") annuity scheme
The eircom Limited group established an annuity scheme whereby employees participating in a voluntary termination scheme could accept payment in one lump sum or as an annuity to be paid out over a period of ten years. The group estimates the annuity liability as the present value of the fixed payment stream due to employees. At 31 December 2022, the remaining TIS annuity scheme provision is expected to be substantially utilised over a period of six years.

(c) Asset Retirement Obligations
The group has provisions for costs arising from certain obligations in relation to the retirement and decommissioning of assets, mainly certain poles, batteries, international cable and dismantling and restoration of mobile antenna sites. It is expected that most of these costs will be paid during the period 2023 to 2037, and these anticipated cash flows are discounted using a risk free rate of return of between 2% and 4%.

Significant estimates and judgements
Significant judgement is required in determining the amount and timing of cash flows associated with the asset retirement obligations as some of the cash flows are anticipated up to 15 years in the future, and there has been no significant retirement or decommissioning costs incurred to date. There are also ongoing changes in legislation which impact on the group's assessment on the level of cost and the manner in which certain asset retirement obligations can be met. Any adverse changes in legislation or interpretations of existing legislation could have a significant impact on the group's estimate of its asset retirement obligations.

(d) Deferred Consideration/ Completion Scheme
The deferred consideration arrangement arising on the business combination in the period ending 31 December 2021 requires the group to make payments, subject to warranties, of €12 million to the former owners of Evros Technology Group following the acquisition by the group on 1 March 2021. Of the €12 million liability that is subject to warranties, there was €8 million due in July 2021 and this was paid during the period ended 31 December 2021. The remaining liability of €4 million is expected to be paid in January 2023, subject to warranties, as set out in the Share Purchase Agreement.

In addition, there was a €10 million acquisition completion scheme for certain members of staff that was provided by the former owners of Evros Technology Group, €8 million was paid during the period ended 31 December 2021 and the remaining €2 million was paid in the year ended 31 December 2022.

(e) Other
The group is self insured in respect of certain personal injury and damage claims for the estimated cost of incidents which have occurred up to 31 December 2022, based on a case by case review with actuarial assistance. The payments will be made as the cases are settled. The group also has provisions for costs arising from certain compliance matters, consisting primarily of commercial matters, which are being handled and defended in the ordinary course of business.

Significant estimates and judgements
In determining whether provisions are required with respect to pending or threatened litigation, management reviews the following: (1) the period in which the underlying cause of the pending or threatened litigation or of the actual or possible claim or assessment occurred, (2) the degree of probability of an unfavourable outcome, and (3) the ability to make a reasonable estimate of the amount of loss. Upon considering the above and other known relevant facts and circumstances, the group recognises any loss that is considered probable and that can be measured reliably as of the balance sheet date. In addition, the group provides for other items of an uncertain timing or amount, such as liabilities arising as a result of self-insurance and disputes with third parties, including regulatory and taxation authorities. These provisions are recognised when the group has a legal or constructive obligation as a result of past events and a reliable estimate of that obligation can be made. Estimates and judgements are used in determining the level of provisioning required and the timing of payments.

For additional information see details of the contingent liabilities set out in Note 40.

32. Trade and other payables

	31 Dec 2021 €m	31 Dec 2022 €m
Non-current liabilities: -		
Trade payables	29	**20**
Other liabilities	10	**9**
	39	**29**
Current liabilities: -		
Trade payables	180	**156**
Interest payable	7	**10**
Amounts owed to related party (Note 42)	4	**4**
Other tax and social insurance payable	43	**46**
Accruals	153	**174**
Deferred revenues	114	**128**
	501	**518**

The fair values of trade and other payables approximate to their carrying amounts.

Trade and other creditors are payable at various dates in the next three months in accordance with the suppliers' usual and customary credit terms.

Tax and social insurance are repayable at various dates over the coming months in accordance with the applicable statutory provisions.

33. Equity share capital

The share capital at 31 December 2022 and 31 December 2021 is set out below:-

AS AT 31 DECEMBER 2022 AND 31 DECEMBER 2021

AUTHORISED			ISSUED –PRESENTED AS EQUITY	
Number and Class of Share	**Amount €**	Nominal Value per Share	Number and Class of Share	**Amount €**
10,000,000 Ordinary shares	10,000,000	€1.00 each	2 Ordinary shares	2
Equity share capital	**10,000,000**		**Equity share capital**	**2**

There were no alterations to the issued share capital of eircom Holdings (Ireland) Limited during the year ended 31 December 2022 and during the period ended 31 December 2021.

Rights attaching to the ordinary shares are as follows:
The ordinary shares carry the right to receive notice of, attend and vote at, general meetings of the company. The ordinary shares carry the right to receive dividends as and when declared by the Directors. On a winding-up of the company the ordinary shares carry the right to share in any surplus assets of the company.

34. Cash generated from operations
Reconciliation of consolidated operating profit to net cash inflow from operating activities:

a) Cash generated from operations

	Period ended 31 Dec 2021 €m	Year ended 31 Dec 2022 €m
Profit after taxation	333	**46**
Addback:		
Income tax charge	16	**17**
Share of profit of joint venture	(12)	**(1)**
Finance costs – net	141	**85**
Operating profit	478	**147**
Adjustments for:		
- Exceptional gain on exit from subsidiary/joint venture	(174)	**(68)**
- (Profit)/loss on disposal of property, plant and equipment	(1)	**2**
- Profit on disposal of right of use assets	(5)	**-**
- Impairment of right of use assets	24	**13**
- Depreciation and amortisation	531	**336**
- Non cash lease contracts	(1)	**(1)**
- Non cash retirement benefit charge	6	**6**
- Management charge	11	**7**
- Restructuring programme costs	51	**25**
- Other non cash exceptional items	29	**13**
- Other non cash movements in provisions	5	**3**
Cash flows relating to restructuring and provisions	(85)	**(37)**
Changes in working capital		
- Inventories	(2)	**(15)**
- Trade and other receivables	(1)	**6**
- Trade and other payables	18	**(1)**
Cash generated from operations	884	**436**

34. Cash generated from operations - continued

b) Net debt reconciliation

The net debt and the movements in net debt are as follows:

	Period ended 31 Dec 2021 €m	**Year ended 31 Dec 2022 €m**
Cash and cash equivalents	287	**507**
Borrowings – repayable after one year	(2,537)	**(2,945)**
Lease liabilities – repayable within one year	(52)	**(58)**
Lease liabilities – repayable after one year	(575)	**(572)**
Net debt	(2,877)	**(3,068)**
Cash and cash equivalents	287	**507**
Debt – fixed interest rates	(1,444)	**(1,151)**
Debt – variable interest rates	(1,093)	**(1,794)**
Lease liabilities	(627)	**(630)**
Net debt	(2,877)	**(3,068)**

	Cash €m	**Borrowings due within one year €m**	**Borrowings due after one year €m**	**Lease liabilities €m**	**Total €m**
Net debt at 1 July 2020	249	-	(2,533)	(330)	(2,614)
Cash flows	38	-	-	63	101
Other non-cash movements	-	-	(4)	(360)	(364)
Net debt at 31 December 2021	**287**	**-**	**(2,537)**	**(627)**	**(2,877)**
Cash flows	**220**	**-**	**(428)**	**47**	**(161)**
Other non-cash movements	**-**	**-**	**20**	**(50)**	**(30)**
Net debt at 31 December 2022	**507**	**-**	**(2,945)**	**(630)**	**(3,068)**

35. Post Balance Sheet Events

The group, subsequent to the balance sheet date, has prepaid €11 million of its Facility B borrowings due 2026 and redeemed €26 million of its Senior Secured Notes and is continuing the process of using existing cash to repurchase parts of the Facility B borrowing due 2026, the 3.5% Senior Secured Notes due 2026, the 1.75% Senior Secured Notes due 2024 and the 2.625% Senior Secured Notes due 2027.

There have been no other significant events affecting the group since the year ended 31 December 2022.

36. Principal Subsidiaries

	Interest in Ordinary Shares at 31 Dec 2022	Business	Registered Office and Country of Incorporation
eircom Limited	100%	Provision of telecommunications and related services	**Registered office (Irish Branch):** 2022 Bianconi Avenue, Citywest Business Campus, Dublin 24, Ireland. **Registered office (Jersey):** 22 Grenvile Street, St. Helier, Jersey JE4 8PX, Channel Islands.
Meteor Mobile Communications Limited	100%	Provision of mobile telecommunications and related services	2022 Bianconi Avenue, Citywest Business Campus, Dublin 24, Ireland.
Evros Technology Group	100%	Provision of information technology (IT) services	2022 Bianconi Avenue, Citywest Business Campus, Dublin 24, Ireland.
Eircom Finco Sarl	100%	Finance Company	4 Rue du Fort Wallis, L-2714 Luxembourg, Grand Duchy of Luxembourg.
eircom Finance DAC	100%	Finance Company	2022 Bianconi Avenue, Citywest Business Campus, Dublin 24, Ireland.
Irish Telecommunications Investments DAC	100%	Telecommunications Financing and Treasury Management	2022 Bianconi Avenue, Citywest Business Campus, Dublin 24, Ireland.
eircom UK Limited	100%	Provision of Telecommunications and Related Services	Davenport House, 16 Pepper Street, Glengall Bridge, London E14 9RP, UK.
Fibre Network Ireland Limited	50.01%	Provision of fibre network services	2022 Bianconi Avenue, Citywest Business Campus, Dublin 24, Ireland.

In June 2022, the group completed the transaction with InfraVia Capital Partners for its wholesale fibre broadband network that will help to accelerate the roll-out of ultrafast fibre-to-the-home broadband across Ireland. The group received cash consideration to the value of €624 million. A new subsidiary was formed, Fibre Networks Ireland Limited, with InfraVia taking a substantial minority share in the group's fibre network. InfraVia, is a leading independent private equity firm specialising in infrastructure and technology investments.

37. Employees

The total number of persons employed by the group as at 31 December 2022 and 31 December 2021 were as follows:-

	31 Dec 2021	**31 Dec 2022**
Fixed line		
Operations/Technical	1,653	**1,593**
Sales/Customer Support	1,058	**1,163**
Administration	374	**346**
Total	3,085	**3,102**
Mobile		
Operations/Technical	71	**48**
Sales/Customer Support	190	**256**
Administration	15	**19**
Total	276	**323**
Total fixed line and mobile	3,361	**3,425**

Certain employees work in both the fixed and mobile businesses. The employee numbers are based on the entity that entered into the employment contract with the individual employees. The employee costs are recharged between the fixed and mobile segments based on estimates of the time spent by individual employees on fixed and mobile activities.

38. Retirement benefit liability

(a) The group's pension commitments are funded through separately administered Superannuation Schemes and are principally of a defined benefit nature.

The total group pension charge is split between the schemes as follows:

	Notes	Period ended 31 Dec 2021 €m	Year ended 31 Dec 2022 €m
Defined Benefit Schemes (the principal scheme):			
Operating costs – staff pension costs	7	21	**13**
Staff pension costs payable in 2022		(2)	**2**
Exceptional - restructuring programme costs	8	8	**2**
Finance costs - net interest cost on net pension liability	12	(10)	**(4)**
Defined Benefit Schemes		17	**13**
Defined Contribution Schemes	7	7	**5**
Total		24	**18**

Defined Benefit Schemes

The group sponsors a defined benefit scheme for members in Ireland, the eircom Main Superannuation Scheme. In the year ended 30 June 2014, the group established a separate, limited scope ancillary scheme, the eircom Limited early retirement pension scheme ('Early Retirement Trust'). At 31 December 2022, the eircom Main Superannuation Fund accounts for in excess of 99% of the group's defined benefit obligations measured in accordance with IAS 19 (Revised) "Employee Benefits".

The defined benefit schemes are funded and the assets of the schemes are held in separate trustee administered funds, the eircom Main Superannuation Fund and the Early Retirement Trust.

Regulatory Framework

The group operates the defined benefit plans under broadly similar regulatory frameworks. Benefits under the Schemes are paid to members from a fund administered by Trustees, who are responsible for ensuring compliance with the Pensions Act 1990 and other relevant legislation. Plan assets are held in trusts and are governed by local regulations and practice in each country.

eircom Main Superannuation Scheme

The Scheme is closed to new entrants. However, benefits continue to accrue to members in active service, and benefits in deferment and in payment are subject to discretionary increases on the part of the group.

Retirement benefits under the Main Superannuation Scheme are calculated by reference to pensionable service and pensionable salary at normal retirement date. Principal benefits comprise of:

(i) Retirement pension, calculated at $1/80^{th}$ of pensionable pay for each year of reckonable service, up to a maximum of 40/80ths (that is, half pensionable pay). Pensionable pay in most cases is made up of a member's wages or salary at the last day of service plus certain pensionable allowances

(ii) Retirement gratuity (also known as "lump-sum"), calculated at $3/80^{th}$ of pensionable pay for each year of reckonable service, up to a maximum of 120/80ths (that is, one and a half times pensionable pay).

(iii) Death gratuity, for in-service members, of at least one year's pensionable pay subject to a limit of one and a half times pensionable salary calculated in the same manner as the retirement gratuity.

On an ongoing basis, the Scheme's liabilities consist of obligations to make benefit payments to current and potential future beneficiaries.

As a result of the Pensions Accord, agreed with Trade Unions in 2010, pension increases, if any, will be capped at the lowest of the following:

- the percentage increase in actual pay awarded;
- the percentage increases in consumer prices in the year as measured by the Consumer Price Index (CPI) published by the CSO for the prior year to 31 December; and
- maximum annual increase of 2.5%.

38. Retirement benefit liability - continued

Early Retirement Trust
The Early Retirement Trust was established in the year ended 30 June 2014 to provide benefits to staff exiting under the Incentivised Exit Programme who opted to avail of an enhanced early retirement option with up to five years added service. In addition to their pre-existing membership of the eircom Main Superannuation Scheme, those individuals became members of the Early Retirement Trust, which provides fixed pension benefits between the last day of service and age sixty. At age sixty, benefits from the Early Retirement Trust cease and the preserved benefits under the eircom Main Superannuation Scheme become payable. The Early Retirement Trust is closed to future accrual of benefits.

eircom Main Superannuation Scheme Actuarial Valuation and Funding
The actual contribution rate in respect of the principal scheme is 8.5% of pensionable emoluments, for the period to the next valuation, as advised by the group's actuaries. The last actuarial valuation of the principal scheme was carried out using the attained age method, as at 31 March 2022, by Mercer, who are actuaries to the Scheme but are neither officers nor employees of the group. The actuarial method used involved determining an appropriate future group contribution rate designed to fund the projected liabilities of the Scheme related to service subsequent to 1 January 1984 (see Note 38 (b)) over the remaining working lifetime of the current members.

The actuarial valuation as at 31 March 2022 was determined by reference to the following critical assumptions: (1) an assumed rate of pensionable pay and pension inflation of 2.5% per annum and (2) an assumed rate of investment return of 1.49%. At the date of the last actuarial valuation, the market value of the pension scheme assets was €4,756 million, and the actuarial valuation of the assets attributable to the pension fund was sufficient to meet more than 100% of the value of the scheme's accrued liabilities making due allowance for future increases in salaries and pensions.

The actuarial valuation report also indicated that the Scheme met the Minimum Funding Standard as at 31 March 2022, and included a completed Actuarial Funding Certificate confirming this outcome. The actuarial report is available for inspection by the members of the scheme at 2022 Bianconi Avenue, Citywest Business Campus, Dublin 24, Ireland. The actuarial report is not available for public inspection.

It is intended that the next scheduled formal valuation of the Scheme will be undertaken at 31 March 2025.

Mercer also perform all annual valuations required under IAS 19 “Employee Benefits”. These valuations are performed on the projected unit basis.

38. Retirement benefit liability - continued

Defined Benefit Schemes obligations
The status of the defined benefit schemes, as measured in accordance with IAS 19 (Revised) "Employee Benefits", is as follows:

	31 Dec 2021 €m	31 Dec 2022 €m
Present value of funded obligations	(4,463)	**(3,151)**
Fair value of scheme assets	4,812	**3,867**
Asset recognised in the Balance Sheet	349	**716**

Under the Defined Benefit Trust Deed, the group is entitled to the surplus assets in the main superannuation fund in the event of a wind-up of the defined benefit scheme.

Reconciliation of defined benefit obligation	31 Dec 2021 €m	31 Dec 2022 €m
At beginning of financial period	4,012	**4,463**
Current service cost	18	**13**
Interest cost	86	**57**
Past service costs and curtailment losses	8	**2**
Remeasurements:		
- Gain from change in demographic assumptions	(58)	**-**
- Loss/(gain) from change in financial assumptions	708	**(1,290)**
- Experience (gain)/loss	(22)	**68**
Contributions by employees	6	**4**
Benefits paid	(295)	**(166)**
Total – Defined benefit obligation	4,463	**3,151**

Defined benefit obligation by member status	31 Dec 2021 €m	31 Dec 2022 €m
Actives	1,172	**588**
Vested deferreds	878	**309**
Retirees	2,413	**2,254**
Total – Defined benefit obligation	4,463	**3,151**

Reconciliation – Fair value of plan assets	31 Dec 2021 €m	31 Dec 2022 €m
At beginning of financial period	4,480	**4,812**
Interest income on plan assets	96	**61**
Administration costs	(1)	**(2)**
Remeasurements: Return on plan assets, excluding amounts included in interest income	515	**(850)**
Contributions paid by group	11	**8**
Contributions by employees	6	**4**
Benefits paid	(295)	**(166)**
Total – Fair value of plan assets	4,812	**3,867**

38. Retirement benefit liability - continued

The components of the amounts recognised in the income statement are as follows:

	Period ended 31 Dec 2021 €m	Year ended 31 Dec 2022 €m
Current service cost	18	**13**
Administration costs	1	**2**
Interest on obligation	86	**57**
Interest income on plan assets	(96)	**(61)**
Total net charge included in the income statement excluding past service costs and curtailment losses	9	**11**
Past service costs and curtailment losses	8	**2**
Total net charge included in the income statement	17	**13**
Actual return on scheme assets	(113)	**371**

The expected contribution level for the year ended 31 December 2023 for the defined benefit scheme is €5 million.

The weighted average duration of scheme liabilities at 31 December 2022 was estimated to be 13 years (31 December 2021: 15 years).

Pension scheme assets
The fair value of scheme assets as at 31 December 2022 was €3,867 million (31 December 2021: €4,812 million).

The table below presents a breakdown of the various types of investment in which the pension assets are invested:

	31 December 2021				31 December 2022			
	Quoted €m	Unquoted €m	Total €m	%	Quoted €m	Unquoted €m	Total €m	%
Equities	-	174	174	3%	**-**	**154**	**154**	**4%**
Bonds	3,718	-	3,718	77%	**2,688**	**-**	**2,688**	**70%**
Property	-	361	361	8%	**-**	**329**	**329**	**8%**
Cash	-	144	144	3%	**-**	**425**	**425**	**11%**
Other assets	-	415	415	9%	**-**	**271**	**271**	**7%**
Total pension assets	3,718	1,094	4,812	100%	**2,688**	**1,179**	**3,867**	**100%**

Assumptions of actuarial calculations
The main financial assumptions used in the valuations were:

	At 31 Dec 2021	At 31 Dec 2022
Rate of increase in salaries	1.9%	2.3%
Rate of increase in pensions in payment	1.9%	2.3%
Discount rate	1.3%	4.15%
Inflation assumption	2.1%	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 rate.

38. Retirement benefit liability - continued

Sensitivity of defined benefit obligation to key assumptions
The table below sets out the sensitivity of defined benefit obligation to changes in key assumptions:

	Change in Assumption	Impact on actuarial liabilities 31 Dec 2021 €m	31 Dec 2022 €m
Discount rate	0.25% increase	(160)	**(98)**
Rate of increase in salaries and pensions in payment	0.25% increase	165	**103**
Life expectancy	1 year increase	170	**91**

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, a change in one assumption could impact on other assumptions due to the relationship between assumptions.

Risks and risk management
Through its defined benefit pension schemes, the group is exposed to a number of areas of risk. The key areas of risk, and the ways in which the group has sought to manage them, are set out below.

Property investment values
Property investments are valued on the basis of open market value by an independent valuer. The significant assumptions used in the valuation are rental yields and occupancy rates. In light of the impact of the Covid-19 pandemic uncertainty exists in the property values. The Directors still consider the valuations to be the best estimate of the property portfolio, but there is a higher level of uncertainty compared to previous years.

Asset volatility
The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The funds hold a certain proportion of equities, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term.

There is also an element of credit risk attaching to the bond portfolio and currency risk to the extent that assets are denominated in currencies other than the euro and are not correspondingly hedged.

Changes in bond yields
From an accounting liability perspective, the schemes are also exposed to movements in corporate bond spreads. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the schemes' bond holdings.

Inflation risk
The majority of the plans' benefit obligations are linked to inflation and higher inflation will lead to higher liabilities, although in most cases caps on the level of inflationary increases are in place to protect the plans against high inflation.

Life expectancy
The majority of the schemes' obligations are to provide a pension for the life of the member and that of the member's widowed spouse, which means that increases in life expectancy will result in an increase in the plans' liabilities.

Significant estimates and judgements
Making appropriate long-term assumptions in calculating pension liabilities, surpluses and costs
The group operates a funded defined benefit scheme, which is independent of the group's finances, for certain employees. Valuations of the main scheme are carried out by the scheme actuaries. The rates of contribution payable and the pension cost are determined on the advice of the actuaries. The cost of these benefits and the present value of the pension liabilities depend on the assumptions made in respect of such factors as the life expectancy of the members of the scheme, the salary progression of current employees, and the interest rate at which the future pension payments are discounted. The group uses estimates for all of these factors in determining the pension costs, surpluses or deficits arising on acquisitions and assets and liabilities reflected in the financial statements.

The group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the group considers the yields of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

The group agreed certain caps in 2010 on future increases in pensionable salaries. The maximum increase in any given year is set at the lower of pre-determined fixed annual rates, the rate of CPI or salary inflation. However, there is still a significant level of uncertainty in relation to ultimate pensionable salaries that will apply in determining benefits payable. Differences between assumptions made and actual experience and changes in assumptions made also impact on pension charges. The effect of changes in assumptions on the pension scheme valuation is shown in the above sensitivity analyses.

38. Retirement benefit liability - continued

(b) The Irish Minister for Finance is responsible for meeting and discharging the liability of: (i) the pension costs of former staff of the Irish Department of Posts and Telegraphs who retired or died before the vesting Day (1 January 1984); (ii) costs in respect of the pension entitlements, related to pre-vesting day reckonable service, of staff who transferred to eircom from the Irish Civil Service. Such benefit payments are made from the eircom No. 2 Superannuation Fund, which was established in March 1999 and received a contribution of €1,016 million from the Irish Minister for Finance in accordance with arrangements set out in the eircom Superannuation (Amendment) Scheme, 1999.

In January 2021, the eircom No. 2 Superannuation Fund moved to a 'pay as you go' arrangement as agreed with the Minister for Finance and contributions are paid to the Fund on a scheduled basis by the Minister in respect of benefits to be paid. The Minister retains full liability for these payments.

39. Credit guarantees and securities

Credit guarantees
The credit guarantees comprise guarantees and indemnities of bank or other facilities, including those in respect of the group's subsidiary undertakings.

Senior Credit Facility - eircom Finco SARL
At 31 December 2022, eircom Holdings (Ireland) Limited and certain of its subsidiaries have guaranteed financial indebtedness for €1.05 billion of eircom Finco Sarl pursuant to the Senior Credit Facility of eircom Holdings (Ireland) Limited Group. The group also has a €50 million revolving credit facility, which was undrawn at 31 December 2022.

The Senior Credit Facility of the eircom Holdings (Ireland) Limited Group consists of a €1.05 billion term loan and €50 million undrawn revolving credit facility which has the benefit of guarantees and security for all amounts borrowed under the terms of the Senior Credit Facility. The guarantees rank equally in right of payment with all existing and future indebtedness that is not subordinated to the Senior Credit Facility, including the guarantee of the Senior Secured Notes. The guarantees are contractually subordinated in right of payment to certain hedging obligations pursuant to the Intercreditor Agreement. The Senior Credit Facility is secured by pledges over the shares in eircom Holdings (Ireland) Limited, pledges over certain bank accounts, intercompany claims and related security of eircom Finco Sarl, and fixed and floating charges over the assets of eircom Limited (Jersey), eircom Limited, Irish Telecommunications Investments DAC, Meteor Mobile Communications Limited and eircom UK Limited, subject to certain exclusions specified in the security documents. The companies guaranteeing the Senior Credit Facility are eircom Holdings (Ireland) Limited, eircom Finco SARL, eircom Limited (Jersey), eircom Limited, Irish Telecommunications Investments DAC, Meteor Ireland Holdings LLC, Meteor Mobile Holdings Limited, Meteor Mobile Communications Limited, eircom Finance DAC and eircom UK Limited.

Senior Secured Notes
eircom Holdings (Ireland) Limited and certain of its subsidiaries have guaranteed financial indebtedness for €1.151 billion of eircom Finance DAC, a subsidiary of the group, pursuant to the various Senior Secured Notes that were issued in 2019.

The guarantees are general senior obligations of each guarantor and rank equally in right of payment with all existing and future indebtedness that is not subordinated to the Notes, including the guarantee of the Senior Credit Facility. The guarantees are contractually subordinated in right of payment to certain hedging obligations pursuant to the Intercreditor Agreement.

The Senior Secured Notes are secured by pledges over the equity interests in eircom Finance DAC and each Guarantor, pledges over certain bank accounts, intercompany claims and related security of eircom Finco Sarl and fixed and floating charges over the assets of the guarantors, subject to certain exclusions specified in the security documents. The guarantors of the Senior Secured Notes are eircom Holdings (Ireland) Limited, eircom Finco SARL, eircom Limited (Jersey), eircom Limited, Irish Telecommunications Investments DAC, Meteor Ireland Holdings LLC, Meteor Mobile Holdings Limited, Meteor Mobile Communications Limited and eircom UK Limited.

Senior Credit Facility - Fibre Network Ireland Limited
During the year ended 31 December 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 Fibre Network Ireland Limited do not benefit from any security or guarantees provided by the eircom Holdings (Ireland) Limited Group.

40. Contingent liabilities
There were a number of lawsuits, claims and disputes with third parties including regulatory and taxation authorities that have arisen in the normal course of business. While any litigation or dispute with regulatory and tax authorities has an element of uncertainty, the Directors believe that there were no contingent liabilities which would have a material adverse effect on the group's financial position.

41. Commitments

Capital commitments of the group which have been contracted for were €62 million at 31 December 2022 (31 December 2021: €70 million).

42. Related party transactions
The following transactions were carried out with related parties:

a) Key management compensation
The group considers key management to consist of the members of the Senior Management Team ("SMT"). For additional details see Note 6 Segment information.

	Period ended 31 Dec 2021 €m	Year ended 31 Dec 2022 €m
Salaries and other short-term employee benefits	8.9	**4.8**
Post-employment benefits	0.6	**0.5**
	9.5	**5.3**

b) Other related parties transactions

During the year ended 30 June 2015, the group advanced loans totaling €14 million to the immediate parent company, Wexford Limited (previously eircom Holdco S.A.) and eircom MEP STAR Trust. The amount outstanding at 31 December 2022 is €13 million (31 December 2021: €13 million).

During the year ended 31 December 2022, management fees of €7 million were payable to NJJ Boru (31 December 2021: €11 million). These are included in operating costs in the income statement. The amount outstanding in respect of these fees is €4 million at 31 December 2022 (31 December 2021: €4 million).

During the year ended 31 December 2022, the group provided international traffic services of €1.5 million to related party, Monaco Telecom (31 December 2021: €2 million). These are included in revenue in the income statement. The amount outstanding at 31 December 2022 is €0.4 million (31 December 2021: €0.1 million).

During the year ended 31 December 2022, the group received software development services of €3.7 million from related party, IT Solution Factory (31 December 2021: €9.1 million). These amounts are included as capital expenditure in the balance sheet 'Other intangibles assets'. The amount outstanding at 31 December 2022 is €Nil (31 December 2021: €6.9 million).

In June 2022, the group completed the transaction with InfraVia Capital Partners for its wholesale fibre broadband network that will help to accelerate the roll-out of ultrafast fibre-to-the-home broadband across Ireland. A new subsidiary was formed, Fibre Networks Ireland Limited ("FNI"), with InfraVia taking a substantial minority share in the group's fibre network. InfraVia, is a leading independent private equity firm specialising in infrastructure and technology investments. See Note 18 *Investment in Subsidiary* for further information.

During the year ended 31 December 2022, the group distributed a dividend of €800 million (31 December 2021: €450 million) to its parent company, Wexford Limited.

43. Business combinations

31 December 2022
There were no business combinations during the year ended 31 December 2022.

31 December 2021
On 1 March 2021, the group acquired 100% of the share capital of Evros Technology Group, a leading IT services provider, based in Ireland. The acquisition allows eir to provide end to end solutions across telecommunications and IT services including mobility solutions, networking technology, public and private cloud, security, managed services and IT contracting. The acquired business contributed revenues of €87 million and profit of €10 million to the group for the period 1 March 2021 to 31 December 2021.

If the acquisition had occurred on 1 January 2021, the group income statement would show pro-forma revenue of €101 million (unaudited) and profit of €0.4 million (unaudited). The profit of €0.4 million (unaudited) includes exceptional costs of €10 million.

Details of net assets acquired and goodwill are as follows:

	Provisional €'m	**Final €'m**
Total purchase consideration		
- Cash paid	64	64
- Deferred consideration (Note 31)	12	12
- Deferred consideration - Trade and other payables	4	4
	80	80
Fair value of net assets acquired	(30)	(37)
Goodwill (Note 14)	**50**	**43**

The goodwill represents the value to the group of having a highly skilled assembled workforce and the fair value of the expected synergies and other benefits from being able to offer combined innovative IT solutions with eir's market position and expertise in the Irish telecommunications industry to create solutions for new customers.

The assets and liabilities arising from the acquisition are as follows:

	Provisional Fair Value €'m	**Final Fair Value €'m**
Cash and cash equivalents	14	14
Customer relationships (included in other intangible assets) (Note 15)	26	33
Other intangible assets (Note 15)	1	1
Property, plant and equipment (Note 16)	1	1
Right of use assets (Note 17)	4	4
Trade and other receivables	12	12
Lease liabilities (Note 17)	(4)	(4)
Trade and other payables	(14)	(14)
Provisions for other liabilities and charges (Note 31)	(10)	(10)
Net assets acquired	**30**	**37**

The cash outflow arising from the acquisition is as follows:

	€'m
Purchase consideration settled in cash	64
Deferred consideration paid	8
Total purchase consideration	72
Cash and cash equivalents in subsidiary acquired	(14)
Cash outflow on acquisition	**58**

43. Business combinations - continued

Significant estimates and judgements
Assigning fair values to assets and liabilities acquired through business combinations
In the purchase price allocation made for each acquisition, the purchase price is assigned to the identifiable assets, liabilities and contingent liabilities based on fair values for these assets. Any remaining excess value is reported as goodwill. This allocation requires management judgement including estimating the fair value of the acquired intangible assets and estimating the revenue and profits to be generated by the acquired business as well as the definition of cash generating units for impairment testing purposes. Other judgements might result in significantly different results and financial position in the future. There was significant judgement and estimates involved in determining the nature of the intangible assets acquired and in classifying and valuing such assets. The group determined that the "know how" acquired was more in the nature of workforce which does not qualify to be recognised distinctly and the related value is included within goodwill arising on acquisition. The group also needed to determine the appropriate assumptions and useful lives in connection with the customer relationships.

44. Standards, interpretations and amendments not yet adopted
Certain new standards, interpretations and amendments have been published that are not mandatory for the group's 31 December 2022 reporting period and have not been early adopted by the group. There are no new standards that are not yet effective and that would be expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions.

45. Approval of financial statements
These financial statements were authorised for issue by the Board of Directors on 20 March 2023.