Results for the Year Ended 31 December 2022
Company Beats 2022 Forecasts With Significant Growth in Housing Output in 2023 Underpinned by a Record Order Book

Dublin / London, 02 March 2023: Cairn Homes plc ("Cairn", "the Company" or "the Group") (Euronext Dublin: C5H / LSE: CRN), today announces its results for the year ended 31 December 2022.

Financial Highlights **€'m**	**2022**	2021	**Change**
Revenue	**617.4**	424.0	+46%
Gross margin	**21.7%**	19.8%	+190bps
Operating profit	**103.0**	58.4	+76%
Operating margin	**16.7%**	13.8%	+290bps
Basic earnings per share (cent)	**11.5c**	5.8c	+5.7c
Dividend per share (cent)[1]	**6.1c**	5.5c	+0.6c
Total equity	**751.8**	778.8	(€27.0m)
ROE[2]	**11%**	6%	+500bps
Net debt	**149.3**	109.5	+€39.8m

Continued Growth and Progress in 2022

- Strong financial and operational performance with growth across all of our key metrics.
- Closed 1,526 new homes sales (2021: 1,120) delivering revenues of €617.4 million (2021: €424.0 million), with in excess of €610 million generated from core homebuilding activities.
- Exceptionally strong second half of 2022 with 979 sales completions, total revenue of €377.0 million and €129.6 million of operating cashflow[3] generated.
- Strong demand across all of our expanding and multiple sales markets with over 1,600 new homes agreed for sale nationwide in the year, and a record forward order book into 2023. Our average sales rates were in excess of 4 new homes per week per active selling site during the year.
- Continued to reinvest in our sustainable multi-year growth and to take advantage of the exceptionally strong demand backdrop. Total work-in-progress investment of €469.3 million in our construction activities during 2022 with a strong bias towards increasing our apartment delivery.
- Ireland is facing a critical undersupply of apartments for Social & Affordable tenants and also apartments adjacent to areas of high employment to house Ireland's growing working population. Cairn is responding to this demand as a clear market leader in this product segment.
- Build cost inflation ("BCI") of €20,000 per new home built (2021: €15,000), with inflation moderating somewhat in H2. Notwithstanding this, our average selling price, excluding VAT, for our starter homes was €366,000 (2021: €350,000).
- Scope 1, 2 (absolute 46.2% reduction by 2030) and 3 (reduce by 61% per square metre by 2030) decarbonisation targets set, and awarded an upgraded A- CDP score (2021: B score).
- Disciplined approach to capital allocation, balanced between shareholder returns and ongoing investment in growing our business, which in tandem with an 87% increase in profit after tax to €81.0 million delivered an improved ROE of 11%.
- The Board is proposing a final dividend of 3.1 cent for a full year dividend of 6.1 cent per ordinary share, subject to shareholder approval at our AGM on 11 May 2023, for a total FY22 dividend of €42.0 million.
- Completion of a €75 million share buyback programme in October 2022 bringing total shareholder returns to €117.0 million for FY22 (FY21: €39.9 million).

[1] 3.0 cent interim dividend per ordinary share paid in October 2022 and 3.1 cent proposed final dividend per ordinary share

[2] Defined as Profit after Tax divided by Total Equity at Year End

[3] Before any capital allocation considerations, including reductions of debt, dividends or accretive strategic acquisitions, JVs or investments

Macroeconomic Backdrop

- Ireland entered 2023 from an economic position of strength, with near full employment underpinning consumer demand and driving record exchequer returns in 2022. Having recorded the strongest budget surplus in the EU in 2022, the Irish economy is forecast to continue to grow in 2023 at the fastest pace in the EU, albeit at a slower rate than 2022, and record another budget surplus even allowing for an €11 billion cost of living package in Budget 2023.
- Irish household debt levels remain at all-time lows and savings at record levels which somewhat mitigates against rising interest rates and the cost of living crisis.
- Mortgage market remains supportive following a 34% growth in gross mortgage lending in 2022 to €14.1 billion.
- Housing remains the number one political and societal priority for the Irish Government with supportive demand-side initiatives and ambitious, fully funded Social & Affordable housing targets for 2023 and beyond.
- New homes supply increased by 45% in 2022 to nearly 30,000 new homes, however industry commencements were down 12% (Cairn up 30% to c. 1,800 new homes).
- The Housing Commission, which was established under the Programme for Government, believes Ireland requires between 42,000 and 62,000 new homes every year until 2050 to meet demand.

FY23 Guidance

- The Company has continued our strong sales momentum and has a current closed and forward sales pipeline of 1,503 new homes with a net sales value of €534 million. From this strong base, the Company is guiding FY23 as follows:
  - turnover in excess of €650 million from 1,750 - 1,800 closed new home sales, all of which have full planning permission, including over 800 Social & Affordable new homes nationwide;
  - with cost of living factors and the rising interest rate environment impacting consumer affordability, pricing levels are expected to be relatively flat;
  - cost pressures also still exist within our supply chain and we expect BCI of c. €10,000 (c. 4%) per new home in the year. Another year of significant growth in our housing output will however help Cairn, our subcontractors and supply chain partners to manage this inflationary environment;
  - we expect to deliver a gross margin of c. 21% reflecting a slight change in mix over the prior year;
  - continued growth in operating profit; and
  - progressive ordinary dividends, by way of both an interim and final dividend, of between 40 – 50% of FY23 profit after tax.
- The Company remains committed to distributing surplus cash flow and capital to shareholders. Cairn also continues to explore specific returns accretive market opportunities which may result in increased profitability and enhanced shareholder returns in the medium-term, subject to meeting and exceeding our internal returns hurdles.
- Cairn expects to deliver annual growth in volumes, revenue and profitability into the future, supporting medium and long-term significant cash generation, and continues to make progress towards our 15% ROE target.
- Cairn is today announcing a €40 million share buyback programme which will commence on 3 March 2023 as part of our ongoing shareholder returns programme. This will begin with an irrevocable, non-discretionary arrangement with Goodbody Stockbrokers UC and Numis Securities Limited to repurchase ordinary shares on our behalf.

Commenting on the results, Michael Stanley, CEO, said:

"Given the social, economic and political primacy of resolving the housing shortage in Ireland, it is reassuring that Cairn has delivered a record 1,526 new home sales in 2022 and we will back that up with an even bigger delivery this year for private buyers and for a broadening number of State partners. Our improving profitability supports this by enabling increasing and sustained reinvestment in our housing output.

"Momentum is gathering pace into 2023, with closed and forward sales currently at over 1,500 new homes. We expect full year delivery of up to 1,800 new homes, all of which have full planning permission.

"In terms of the wider sector challenges, it is clear that we suffer from a damaging undersupply of apartments adjacent to areas of high employment and to offer scaled solutions for Social & Affordable housing needs. Recently published research from Eurostat shows that at 10%, Ireland has the lowest percentage of its population living in apartments in Europe, where the average is over 50%. It also points out that the composition of our existing housing stock is massively biased towards large multi-bedroom houses, which are under-occupied.

"Location is as important as typology in addressing this imbalance. New, quality built and energy efficient affordable and private rental apartments in urban locations and on transport links are now critically important. Our FDI model, which has been a dominant driver of economic growth over the past decades, will also suffer in the absence of these additional homes. Cairn is actively responding to this dual imperative as a market leader in the accelerated delivery of well-designed and located scaled apartment developments."

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An analyst and investor call will be hosted by Michael Stanley, CEO, and Shane Doherty, CFO, today 2 March 2023 at 8.30am (GMT). Please use the numbers below, quoting the following access code: 279233:

Ireland
- Toll: 01 536 9584

UK
- Toll: 020 3936 2999

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- Toll: 1 646 664 1960

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Notes to Editors
Cairn Homes plc ("Cairn") is the leading Irish homebuilder committed to building high-quality, competitively priced, sustainable new homes and communities in great locations. At Cairn, the homeowner is at the very centre of the design process. We strive to provide unparalleled customer service throughout each stage of the home-buying journey. A new Cairn home is expertly designed, with a focus on creating shared spaces and environments where communities thrive. Cairn owns a c. 16,800 unit landbank across 34 residential development sites, over 90% of which are located in the Greater Dublin Area ("GDA") with excellent public transport and infrastructure links.

Note Regarding Forward-Looking Statements

Some statements in this announcement are, or may be deemed to be forward-looking with respect to the financial condition, results of operations, business, viability and future performance of Cairn Homes plc and certain plans and objectives of the Company. They represent our expectations for our business and involve risks and uncertainties. We have based these forward-looking statements on our current expectations and projections about future events. We believe that our expectations and assumptions with respect to these forward-looking statements are reasonable. However, because they involve known and unknown risks, uncertainties and other factors, which are in some cases beyond our control, and which include, among other factors policy, brand, economic, financial, development, compliance, people and climate risks, our actual results or performance may differ materially from those expressed or implied by such forward-looking statements. Past performance cannot be relied upon as a guide to future performance and should not be taken as a representation that trends or activities underlying past performance will continue in the future. These forward-looking statements are made as of the date of this document. Cairn Homes plc expressly disclaims any obligation or undertaking to publicly update or revise these forward-looking statements, other than as required by applicable law.

CHIEF EXECUTIVE STATEMENT

SUSTAINABILITY AGENDA AND DISCLOSURES

Following the publication of our inaugural standalone Sustainability Report in April 2022, the Company made considerable progress in setting ambitious and meaningful targets during the remainder of 2022 which underpin the significance and credibility of our Sustainability Agenda and the prominent role which our business is playing in promoting sustainable and attainable building in Ireland:

- We submitted our Greenhouse gas ("GHG") reduction targets covering Scope 1-3 for verification to the corporate gold standard Science Based Targets Initiative ("SBTi"). Our targets will see our business reduce absolute Scope 1 & 2 emissions by 46.2% by 2030 from a 2019 baseline year (4.2% pa) and our Scope 3 by 61% per square metre ("sqm") by 2030 versus 2019 (7% per sqm pa), all aligned with a 1.5° Celsius future.
- We continue on our path to Biodiversity Net Gain ("BNG") across all of our developments and have increased this target metric within our 2023 remuneration frameworks in driving future performance and our ongoing focus in this critical area.
- We improved and evolved many ongoing initiatives connected to our people strategy, including our equality, diversity and inclusion ("ED&I"), our health, safety and wellbeing and our employee value proposition as demonstrated through consistently high scores in our employee engagement surveys (including an 82% culture score), ED&I surveys with 91% of our employees feeling Cairn is an inclusive workplace and the retention of our Great Place to Work certification.

In addition to closing over 1,500 A-rated sustainable new homes sales in Ireland in the year, we also successfully completed a €277.5 million sustainability linked term loan and revolving credit facility. The sustainability linked performance targets underpinning these are linked directly to the achievement of our sustainability strategy across decarbonisation, biodiversity and people. We were delighted to have been awarded an A- for our 2022 Carbon Disclosure Project ("CDP") submission, improved from our first submission in 2021 when we obtained a B rating.

IMPLEMENTATION OF STRATEGY

Cairn is a leading Irish home and community builder committed to building homes within sustainable neighbourhoods where people can thrive. Cairn's corporate objective is to deliver sustainable new homes, including houses, duplexes and apartments, to our expanding and multiple markets at pace and scale, building communities that serve our country's present and future needs. This can only be produced from a scalable operating platform, through established supply chain partnerships and on development sites from a historic low-cost c. 16,800 unit landbank. In our view, this is the most immediate, direct and delivery-focused way to make a real and meaningful impact in the Irish housing market.

Cairn's historic approach to capital deployment, through a timely and well executed acquisition strategy together with the successful scaling of our business has resulted in more than 7,000 customers choosing a new Cairn home to date. These new homes are delivered on our current 34 site landbank which comprises suburban and commuter belt low-density housing sites (c. 12,600 units at an average historic site cost of c. €27,000 per unit) and city centre, suburban and commuter belt high-density apartment sites (c. 4,200 units at an average historic site cost of c. €64,000 per unit).

Cairn continues to invest in the capacity and capability of our business to support our growth strategy, set us up for scale and optimise our product delivery. This is delivered through a combination of:

- **Regional Expansion:** extending our development footprint beyond the GDA with new site commencements in Cork, Limerick and Kilkenny during 2022. This will be followed soon by further expansion in Galway and potentially other regional locations.
- **The Strength of our Team:** we are investing in our people and extending our capacity and capability. Our team grew by nearly 30% during 2022 across all areas of our business.
- **Better Ways to Build:** our dedicated continuous improvement programme, focusing on digital construction, innovation, productivity and scaled efficiencies to drive operational excellence and maintain our competitive and market advantage.

Our growth strategy allows us to respond to the continuing strong demand for new homes across all tenures across our multiple and expanding sales channels, including:

- **Business to Customer:** well located, energy efficient A-rated starter homes on multimodal transport links in areas of proven demand for our core first time buyer ("FTB") market, into which we have sold in excess of 4,000 new homes since 2016, and the higher price point trade-up/down market;
- **Business to Government:** partnerships with the State, Local Authorities and Approved Housing Bodies ("AHB") in delivering Social & Affordable homes. With Cairn's scale, capability and low cost landbank, we will continue to explore opportunities

where we can deliver high quality new homes at value for money for State agency housing partners across our sites, all of which are located in areas of high employment; and

- **Business to Business:** appropriately designed multi-family apartments for domestic and international institutional investors who are seeking a stable, long-term exposure to the Irish residential sector.

The Company's strategic objectives are fully aligned with the Government's "Housing For All" strategy with a target of delivering 300,000 new homes in Ireland by 2030, including 90,000 social and 54,000 affordable homes. The plan recognises the important role the private sector will play in the delivery of this much needed affordable housing for the 375,000 households in Ireland earning between €50,000 and €80,000 who cannot access social housing and have limited access to mortgage finance.

The innovative Cairn approach to customer-focused product evolution across houses, duplexes and apartments is now more important than ever. Many people view the family home as a place to both live and work, and want to live in communities that are in close proximity to recreational and amenity facilities, which informs our design-led approach to sustainability and innovation. We deliver this through our construction and placemaking activities, ensuring the strong foundations are laid for Cairn to be a scaled homebuilder in Ireland into the long-term.

FINANCIAL REVIEW

After two years of public health restrictions and construction sector lockdowns, 2022 marked our first year of full trading since 2019 and enabled us to deliver a record trading year. Revenues of €617.4 million (2021: €424.0 million) included €610.8 million from 1,526 closed sales (2021: €419.4 million from 1,120 closed sales) and €6.4 million from development site and other sales (2021: €4.2 million).

Gross profit for the year was €134.2 million (2021: €83.9 million). At 21.7%, our gross margin improved by 190bps (2021: 19.8%), helped by improved mix with higher average selling price apartments sold as well as improved pricing and supply chain efficiencies, partially offset by the continued impact of build cost inflation. Gross margin in the second half of the year of 21.9% was ahead of the 21.5% achieved in the first half.

Operating expenses of €31.2 million (2021: €25.5 million) reflect our continued and considered investment in core areas of our growing business and resulted in an operating profit of €103.0 million (2021: €58.4 million). This generated an operating margin of 16.7% (2021: 13.8%), reflecting our continued operating leverage expansion with top line growth outstripping cost increases.

Finance costs for the year of €9.6 million (2021: €8.1 million). The growth in our business and our continued scaling ambitions resulted in significantly increased working capital investment throughout the year. This was reflected in average higher drawings and increased borrowing costs in a rising interest rate environment under committed debt facilities compared to 2021.

Profit after tax for the period of €81.0 million (2021: €43.2 million) equated to earnings per share of 11.5 cent (2021: 5.8 cent).

Inventories at 31 December 2022 of €967.3 million (31 December 2021: €940.0 million) included land held for development of €628.3 million (31 December 2021: €671.7 million) and construction work in progress ("WIP") of €339.0 million (31 December 2021: €268.3 million). The net WIP investment of €70.7 million supports our strong forward order book, eight new site commencements in the period and the continued growth of our operational scale. The reduction in land held for development represents the release of land held from our 1,526 sales completions, offset by strategic land acquisitions in the period.

Operating cashflow of €125.9 million (defined as €93.9 million net cash from operating activities plus €32.1 million invested in accretive strategic land acquisitions) (2021: operating cash generated of €131.9 million, defined as €88.5 million net cash from operating activities plus €43.4 million invested in accretive strategic land acquisitions), includes €129.6 million of operating cashflow in H2 2022 (H2 2021: €108.4 million).

During 2022 we successfully refinanced our €277.5 million syndicate facility into a Sustainability Linked term loan and revolving credit facility with AIB, Bank of Ireland and Barclays Bank Ireland, with a maturity date of June 2027. This maintains our total debt facilities at €350 million.

The Company had available liquidity (cash and undrawn facilities) at 31 December 2022 of €199.2 million (31 December 2021: €234.0 million). The €39.8 million increase in net debt was due to a number of factors including €116 million of capital distribution outflows and a net WIP increase of €70.7 million after allowing for a significant WIP investment in the year of €469.3 million (2021: €266.5 million), which is fully aligned to our growth ambitions.

In line with our established capital allocation policy, the Board are proposing a final dividend of 3.1 cent per ordinary share which, when combined with the interim dividend of 3.0 cent per ordinary share, will represent a total dividend for the year of 6.1 cent per ordinary share. Subject to shareholder approval at the Company's Annual General Meeting on 11 May 2023, the proposed final dividend of 3.1 cent per ordinary share will be paid on 16 May 2023 to ordinary shareholders on the Company's register at 5.00 p.m. on 21 April 2023. Additionally, the Company announced a €75 million share buyback programme on 12 January 2022 which completed on 24 October 2022, with 65.3 million shares repurchased at an average purchase price of €1.15. All repurchased shares have been cancelled.

DELIVERING NEW HOMES TO OUR CUSTOMERS

As evidenced by the growth and momentum in our closed and forward order book throughout 2022, Cairn's sales performance, with over 1,600 new homes agreed for sale in the period, was supported by strong levels of demand across our multiple and expanding markets and across all price points. We continued to invest in new developments and launch new FTB and trade-up/down schemes to meet the strong demand from private purchasers at a time when the broader industry appears to have contracted, with significantly fewer new scheme launches in 2022 than in prior years. We successfully launched new schemes at Hawkins Wood (Greystones), Mercer Vale (South Dublin), 1 – 9 Priory (Delgany), Harpur Lane (Leixlip) and Linden Demesne (Maynooth) during the year in addition to ongoing sales launches across other selling sites.

Our FTBs can now avail of impactful Government supports, including Help to Buy and the new First Home shared equity scheme which was launched in July 2022. With FTBs now able to access up to 30% support towards the purchase price from the Government in buying their new home, these initiatives will broaden our FTB addressable market into 2023 and provide permanent and affordable home ownership solutions for families who would not otherwise be able to access new homes. FTBs availed of the First Home shared equity initiative across five of our developments in the second half of the year. The €25,000 increase in house price ceilings announced in January 2023, up to €475,000 in certain locations, will support more FTBs across our schemes in 2023.

Cairn has become a more established delivery partner for various State entities over the last two years, including AHBs, Local Authorities and the Land Development Agency who are the key conduits for delivering the Government's ambitious Social & Affordable new housing targets under Housing for All. Cairn was one of the largest providers of new Social & Affordable housing in Ireland in 2022 and delivered 495 new A-rated homes. This included a substantial number of apartments in our larger developments. We believe that significant opportunities exist for Cairn to leverage our proven operating platform and delivery capability and partner with the State, AHBs, Local Authorities and the Land Development Agency over the coming years in delivering new Social & Affordable homes at scale and pace across our c. 16,800 unit landbank. In 2023, we will continue to use this scale and capacity to create value for the State and increase our delivery to over 800 new Social & Affordable homes nationwide.

The demand for large, new apartment developments on multimodal transport links and in areas of high employment remains very strong. Cairn is the largest self-build apartment developer in Ireland with nearly 1,800 apartments delivered to date across 12 developments and a further 1,900 apartments under construction across 11 of our new developments. With this strong track record and our design and construction capability and expertise in high density developments, we remain the counterparty of choice in the market for delivering new, A-rated apartments. Various State agencies have entered the market seeking to acquire scaled, high-density apartment developments for the Social & Affordable rental market. There is significant, well-funded, depth to this new buyer pool across Local Authorities, AHBs and the Land Development Agency underpinned and supported by the strategy and objectives of Housing for All.

The strong level of demand for our product witnessed in 2022 continued into the early months of 2023 with a number of successful private launches across starter home and trade-up/down developments in the early Spring selling season, while we continue to work closely in collaboration with a number of State agencies who are actively seeking Social and Affordable new homes from our strong 2023 and 2024 delivery pipeline. As at 1 March 2023 we had 1,503 new homes in our closed and forward sales pipeline with a net sales value of €534 million.

INCREASED INVESTMENT IN DELIVERING MORE HIGH QUALITY NEW HOMES

Cairn commenced construction on eight new sites in 2022: new apartment developments at Citywest, Dublin 24 and Parkside, Dublin 13; new starter home developments at Swanbrook, Navan, Co. Meath; Castletroy, Limerick City; Donabate, Dublin and Callan Road, Kilkenny City; and new trade-up/down developments at Linden Demesne, Maynooth and Harpur Lane, Leixlip (both Co. Kildare). We also commenced new phases across a number of existing sites. This continued expansion of our construction activities continued into the early months of 2023 with new starter home site commencements at Clonburris, Dublin 22 and Blessington, Co. Wicklow. Our pre-construction design and development teams continue to progress design team appointments, construction programme planning, phasing plans and procurement across our future sites, with our construction teams commencing enabling works across a number of scheduled 2023 site commencements.

With our growing scale and proven delivery capability having delivered 1,526 new home sales completions in 2022, we expect to grow this to 1,750 – 1,800 sales completions in 2023 in providing housing solutions across all tenures. During 2022, we invested in nearly 1,800 new home commencements, a 30% increase on 2021 production. New home commencements, excluding one-off housing, in the broader sector contracted by 12% nationally during 2022 to 22,262 new homes (source: CSO) and annually rolling commencements fell by 24% between March and December 2022, highlighting the funding and viability challenges facing the broader sector at a time when Cairn continues to play a leading role in driving new homes supply.

PRODUCTIVITY AND EFFICIENCES IN OUR DELIVERY PLATFORM

Through our “Better Ways to Build” dedicated continuous improvement programme, we focus on innovation, productivity and scaled efficiencies to drive operational delivery excellence and maintain our competitive and market advantage. Key areas include:

- significant investment in IT and digital construction and uptake of new technologies and systems;
- product and site development by advancing OSM (off-site manufacturing), MMC (modern methods of construction), DFMA (design for manufacture and assembly) and design with supply chain partners;
- faster assembly in a more productive off and on-site environment;
- standardisation through our Library of Homes and Apartments (standard internal layouts with different external design options), delivering productivity improvements through repeatability;
- production controls measuring on-site performance;
- lean construction principles and adaptation across production teams; and
- innovation and the formal governance framework which we have established for onboarding and tracking our innovation ideas from proof of concept, through to due diligence and testing in advance of wide-scale implementation.

SUPPLY CHAIN STRATEGY

The scale of our new site commencements and commitment to our growth is best reflected in the significant increase in our investment in work-in-progress during the period to €339.0 million from €268.3 million in 2021, a year in which our construction sites were effectively closed for three months during the second construction lockdown. We continue to leverage the significant sustainable components of our end-to-end operating platform including our planning capability, established supply chain, delivery platform and people. Our supply chain strategy remains focused on leveraging this growing scale as Ireland’s largest procurer of residential construction labour and materials through our deep pool of trusted subcontractors and suppliers who have grown their businesses through our operating platform. Cairn has a current procurement order book of in excess of €400 million on active sites (orders placed and prices fixed on labour and materials) and our top 20 subcontractors account for 60% of all procurement since IPO (an average in excess of €45 million each), working across an average of 17 developments each.

Our strategy is centred on securing, supplementing and where necessary, substituting across our supply chain. We pay promptly and always take account of our supply chain's cash requirements. Cairn utilises predictive analysis in category management to assist in mitigating future resource pressures and a subcontractor relationship management model based on category tiering across core, strategic and development partnerships with our supply chain. We also engage in regular communication and collaboration and crucially provide development pipeline visibility. Our successful supply chain partnership strategy and approach was reflected in our strong subcontractor engagement scores during the year. This is an annual survey which enables us to gain feedback, recommendations and insights into areas for Cairn to focus on.

Build cost inflation (“BCI”) was again significant during 2022 with the cost of building our homes increasing by c. €20,000 per new home. The cost of building new homes in Ireland therefore remains significantly elevated compared to two years ago with our build costs having increased by c. €35,000 per new home in this period. Inflation persisted into H2 2022, largely driven by the impact of increased energy costs in manufacturing processes, and the early months of 2023, albeit at much more moderate levels. We currently expect total BCI for FY23 to be c. €10,000 (c. 4%) per new home across infrastructure, labour and materials.

With ten new site commencements since the start of 2022, including two in the early months of 2023, and the stage of construction we are at across our delivery platform, there are currently 3,500 people (including direct employees, subcontractors and other sector professionals) working across our active sites on a daily basis, a strong validation of the depth of our supply chain.

PLANNING

We obtained five main grants of planning permission during 2022 comprising nearly 1,700 new homes, with over 12,000 homes now brought through the planning system. In addition, Cairn currently has a number of planning applications in the single-step Strategic Housing Development (“SHD”), the fast-track Strategic Development Zone (“SDZ”) and new Large Scale Residential Development (“LRD”) planning processes, including our planning application and new masterplan for our Montrose site, comprising 688 apartments and a 192 bedroom hotel, which has been granted approval by the local authority.

HEALTH AND SAFETY

Our number one priority at Cairn has always been operating and maintaining safe environments for our employees, subcontractors, suppliers, customers and the communities in which we live and work. The Company continued to invest heavily in health and safety during 2022 and retained our Grade A Safe-T rating, the construction sector specific safety management system accreditation. In the context of a year when Cairn opened eight new sites nationwide, this is testament to the significant resources and importance which we place on promoting, progressing and enhancing our health and safety agenda.

The Company continually promotes the importance of a safe working environment and each active site has a dedicated health and safety officer, ensuring that our health and safety policies are both understood and implemented. First aid accidents steadily decreased over the year, demonstrating that the collective ownership of health and safety by all of our on-site personnel continues to improve. With further regional expansion in 2022 and our ambitious growth plans, increased construction activity levels increase the risk of accidents on active sites. A new Regional Health and Safety Manager was employed during the year to ensure our scaling regional operating platform operates within the highest industry health and safety standards. Specific and measurable KPIs within health and safety inform and guide our health and safety strategy and it is a standing agenda item at all Board and Audit & Risk Committee meetings ensuring the regular review, oversight, assessment and monitoring of health and safety practices. The Company undertakes regular internal audits of health and safety practices which are supplemented by targeted external audits, with all relevant recommendations adopted across all sites. We successfully passed all four external health and safety audits during 2022.

We launched an awards programme in June 2022, the Health & Safety Initiative Awards, which aim to recognise and reward our subcontractors for excellence in health and safety and environmental practices. Weekly and monthly winners are chosen across all of our active sites, ensuring that health and safety remains at the forefront of everyone's work.

INVESTING IN OUR TEAM

The Company's direct headcount at 31 December 2022 was 347 (31 December 2021: 270). Our investment in our workforce continued throughout 2022 across both our construction and central support functions and is fully aligned to our growth agenda. Cairn is committed to continuing to invest in our employee value proposition. Our reward and benefits portfolio remain a key strength in attracting and retaining employees, with additional wellbeing offerings including providing increased family health benefits and innovative mental health and diversity support initiatives becoming critical to supporting an engaged and productive workforce. Throughout the year, we invested heavily in supporting growth and building talent from within through development programs, functional support and employee training. Our employee and engagement scores improved again during the year and we were delighted to be certified as a Great Place to Work in 2022 for the second year running, in addition to being recognised as one of the Best Workplaces in Ireland in 2023 and ranked as one of the Top 20 Large Companies to work for in Ireland. These accreditations validate the initiatives and work which the Company is implementing around our culture, employee offering and benefits.

We also understand the importance of mental health and our responsibility to all of our employees and the wider construction industry. As a direct employer of nearly 350 people, we also recognise the added obligation which we have to over 3,500 people working on Cairn sites through our supply chain. We have 31 Mental Health First Aiders across our active sites, all professionally trained, to act as on-site contact points. We partnered with the Lighthouse Club during 2022, a construction industry charity specifically set up to provide emotional, physical and financial support to construction workers and their families. The Lighthouse Club provides individual support, education and training and hosts events for our employees, including two roadshows held at our Archers Wood and Linden Demesne sites during the year. These services will be extended to our broader subcontractor base during 2023.

ENGAGING WITH OUR INVESTORS

Cairn recognises the importance of regular communication and interaction with shareholders, potential investors and the international financial and investment community. This ensures a full understanding of our strategic objectives, our plans for the future and the measurement of performance against these plans. We conducted a comprehensive programme of investor engagement throughout 2022, with over 150 investor meetings attended by Executive Management and the Head of Investor Relations.

ECONOMY

The Irish economy entered 2023 in a position of relative strength with GDP growth of 12.2% in 2022. Modified Domestic Demand ("MDD"), which excludes the distortions of multinational activity, is expected to have grown by 6.4% in 2022, ahead of expected GDP growth in the Euro Area of 3.3% and U.K 4.0%. Despite macro headwinds, this growth is expected to continue in 2023, with MDD forecast to grow by 2.3%, above the average Euro Area expected GDP growth of 0.5% (source all: CSO, CBI, OECD).

Ireland remains close to full employment with 2.57 million people working and an unemployment rate of 4.2%. This record labour market participation is reflected in the public finances with a full year exchequer surplus of €5 billion recorded in 2022, Ireland's first surplus since 2007, buoyed by strong growth in income tax (€30.7 billion, up 15% year on year) and corporation tax (€22.6 billion, up 47% year on year) receipts (source all: CSO, Department of Finance). This exchequer surplus is after the commencement of a €2 billion "rainy day fund" which will grow by a further €4 billion in 2023. Including this, and the €11 billion cost of living package announced in Budget 2023, an exchequer surplus of €1.7 billion is forecast for 2023.

New homes supply increased by 45% to 29,851 new homes in 2022. Notwithstanding the positive growth in supply, this remains significantly below long-term demand levels recently estimated by the Housing Commission and between 42,000 and 62,000 new homes per annum until 2050. There was a 12% reduction in commencements during 2022 to 26,957 new homes. House price inflation was 7.8% annually for all homes and 10.0% for new homes in the year to December 2022 (source all: CSO).

Mortgage market conditions remain supportive with an impressive 34% growth in gross mortgage lending in 2022 to €14.1 billion (2021: €10.5bn). FTB new home drawdowns continued to strengthen in 2022 with 25,196 mortgages (value €6.7 billion) drawn, up 10% compared to 2021. Mortgage approvals were slightly weaker with 27,953 FTB mortgages (value €7.6 billion) approved in 2022, down 3.6% year on year (source: all BPFI).

The cost of living crisis persisted throughout 2022, however inflation (as measured through the Consumer Price Index) fell to 7.8% in January 2023 from a peak of 9.2% in October 2022 (source: CSO). Interest rates for new mortgages in Ireland were the third lowest in the Euro Area in December 2022 at 2.69%, having been the second most expensive in the Euro Area in 2021. We expect these to increase during 2023 with further ECB base rate increases expected following the 50bps increase in February 2023. Notwithstanding this, household savings remain at record levels with household deposits growing by €37 billion between the end of 2019 and 2022 (source all: CBI).

Demographic trends also continue to support Ireland's robust economic performance and the level of sustained housing demand. Census 2022 recorded a population of 5.12 million people, an increase of 8% since 2016 driven by net inward migration of over 190,000 people and a natural population increase of 170,000 people (source: CSO).

GOVERNMENT INITIATIVES

Housing remains the number one political and societal priority for the Irish Government for its remaining term. Initiatives launched during 2022 through Housing for All included:

1. First Home shared equity scheme: commenced in July 2022, specifically targeted at our core FTB market for new homes only. An equity stake of up to 20% plus an additional 10% Help-to-Buy rebate is available to eligible purchasers who require a 70% loan to value mortgage. To date, over 800 FTBs have been approved for the scheme. Following a year-end review, all regional price caps were increased by €25,000 in January 2023.
2. Help to Buy: Budget 2023 confirmed that the FTB income tax rebate scheme for new home purchasers will continue until the end of 2024 at its current level with a maximum rebate of €30,000 or 10% of the purchase price, whichever is lower, for new homes priced under €500,000.
3. Croí Cónaithe (Cities) Scheme: €450 million fund to support the construction of apartments for sale to owner-occupiers in the private market. Aims to bridge the current viability gap between the cost of building apartments and private market sale prices. Targeted to deliver private apartments across our five major cities – Dublin, Cork, Galway, Limerick and Waterford – with funding of up to €140,000 per unit available to bridge this viability gap subject to certain criteria.

Separately, the Central Bank of Ireland's macroprudential rules for mortgages were altered on 1 January 2023 allowing FTBs to borrow 4 times their single or combined annual income (up from 3.5 times).

BOARD CHANGES

Mr. David O'Beirne stepped down from the Board of Directors in addition to the Nomination and Remuneration Committees at last year's Annual General Meeting. Mr. O'Beirne joined the Board in 2019 and brought a wealth of experience and insight into our deliberations during his three-year tenure. The Board would like to thank him for his contribution to Cairn during this period.

CAIRN HOMES PLC
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2022

	Note	2022 Unaudited €'000	2021 Audited €'000
Continuing operations			
Revenue	2	**617,357**	423,983
Cost of sales		**(483,149)**	(340,112)
Gross profit		**134,208**	83,871
Administrative expenses		**(31,176)**	(25,489)
Operating profit		**103,032**	58,382
Finance costs	3	**(9,645)**	(8,147)
Share of profit of equity-accounted investee, net of tax		**85**	-
Profit before taxation		**93,472**	50,235
Tax charge	4	**(12,442)**	(6,994)
Profit for the year attributable to owners of the Company		**81,030**	43,241
Other comprehensive income			
Fair value movement on cashflow hedges		**777**	-
Cashflow hedges reclassified to profit and loss		**70**	-
		847	-
Total comprehensive income for the year attributable to owners of the Company		**81,877**	43,241
Basic earnings per share	15	**11.5 cent**	5.8 cent
Diluted earnings per share	15	**11.4 cent**	5.8 cent

CAIRN HOMES PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

		2022	2021
		Unaudited	Audited
Assets	**Note**	**€'000**	**€'000**
Non-current assets			
Property, plant and equipment	10	5,789	1,165
Right of use assets	11	6,003	490
Intangible assets	12	3,043	1,434
Derivatives	13	847	-
Equity-accounted investee		85	-
		15,767	3,089
Current assets			
Inventories	5	967,342	940,000
Trade and other receivables	6	20,447	28,482
Current taxation		-	1,379
Cash and cash equivalents	7	21,711	40,028
		1,009,500	1,009,889
Total assets		**1,025,267**	1,012,978
Equity			
Share capital	8	725	789
Share premium	8	199,616	199,616
Other undenominated capital		105	40
Share-based payment reserve		11,809	11,795
Cashflow hedge reserve	13	847	-
Retained earnings		538,720	566,537
Total equity		**751,822**	778,777
Liabilities			
Non-current liabilities			
Loans and borrowings	9	170,991	72,461
Lease liabilities	11	6,036	74
Deferred taxation	4	3,139	3,808
		180,166	76,343
Current liabilities			
Loans and borrowings	9	-	77,094
Lease liabilities	11	761	558
Trade and other payables	14	92,434	80,206
Current taxation		84	-
		93,279	157,858
Total liabilities		**273,445**	234,201
Total equity and liabilities		**1,025,267**	1,012,978

CAIRN HOMES PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2022

	Unaudited							
	Attributable to owners of the Company							
	Share Capital	Share Premium	Other Undenominated Capital	Treasury shares	Share-Based Payment Reserve	Cashflow Hedge Reserve	Retained Earnings	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
As at 1 January 2022	**789**	**199,616**	**40**	**-**	**11,795**	**-**	**566,537**	**778,777**
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	-	81,030	**81,030**
Fair value movement on cashflow hedges	-	-	-	-	-	777	-	**777**
Cashflow hedges reclassified to profit and loss	-	-	-	-	-	70	-	**70**
	-	**-**	**-**	**-**	**-**	**847**	**81,030**	**81,877**
Transactions with owners of the Company								
Purchase of own shares (note 8)	-	-	-	(75,143)	-	-	-	**(75,143)**
Cancellation of repurchased shares	(65)	-	65	75,143	-	-	(75,143)	**-**
Equity-settled share-based payments (note 8)	-	-	-	-	7,004	-	-	**7,004**
Shares issued on vesting of share awards	1	-	-	-	-	-	-	**1**
Transfer from share-based payment reserve to retained earnings re vesting or lapsing of share awards	-	-	-	-	(1,408)	-	1,408	**-**
Transfer from share-based payment reserve to retained earnings in relation to founder shares (note 8)	-	-	-	-	(5,582)	-	5,582	**-**
Dividends paid to shareholders (note 16)	-	-	-	-	-	-	(40,694)	**(40,694)**
	(64)	**-**	**65**	**-**	**14**	**-**	**(108,847)**	**(108,832)**
As at 31 December 2022	**725**	**199,616**	**105**	**-**	**11,809**	**847**	**538,720**	**751,822**

CAIRN HOMES PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2021

	Audited Attributable to owners of the Company					
	Share Capital	**Share Premium**	**Other Undenominated Capital**	**Share-Based Payment Reserve**	**Retained Earnings**	**Total**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
As at 1 January 2021	788	199,616	40	7,572	542,556	750,572
Total comprehensive income for the year						
Profit for the year	-	-	-	-	43,241	43,241
	-	-	-	-	43,241	43,241
Transactions with owners of the Company						
Equity-settled share-based payments (note 8)	-	-	-	4,911	-	4,911
Shares issued on vesting of share awards	1	-	-	-	-	1
Transfer from share-based payment reserve to retained earnings re vesting or lapsing of share awards	-	-	-	(688)	688	-
Dividends paid to shareholders (note 16)	-	-	-	-	(19,948)	(19,948)
	1	-	-	4,223	(19,260)	(15,036)
As at 31 December 2021	789	199,616	40	11,795	566,537	778,777

CAIRN HOMES PLC
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2022

	2022 Unaudited €'000	2021 Audited €'000
Cash flows from operating activities		
Profit for the year	81,030	43,241
Adjustments for:		
Share-based payments expense	5,034	3,499
Finance costs	9,645	8,147
Depreciation and amortisation	1,766	809
Taxation	12,442	6,994
	109,917	62,690
(Increase)/ decrease in inventories	(24,626)	30,081
Decrease/(increase) in trade and other receivables	8,035	(17,094)
Increase in trade and other payables	12,205	19,938
Tax paid	(11,639)	(7,098)
Net cash from operating activities	**93,892**	88,517
Cash flows from investing activities		
Purchases of property, plant and equipment	(5,603)	(410)
Purchases of intangible assets	(2,083)	(1,082)
Net cash used in investing activities	**(7,686)**	(1,492)
Cash flows from financing activities		
Purchase of own shares	(75,143)	-
Dividends paid	(40,694)	(19,948)
Proceeds from loans and borrowings, net of debt issue costs	354,811	170,000
Repayment of loans and borrowings	(333,988)	(224,000)
Repayment of lease liabilities	(410)	(364)
Interest and other finance costs paid	(9,099)	(7,211)
Net cash used in financing activities	**(104,523)**	(81,523)
Net (decrease)/increase in cash and cash equivalents in the year	**(18,317)**	5,502
Cash and cash equivalents at beginning of year	**40,028**	34,526
Cash and cash equivalents at end of year	**21,711**	40,028

1. Basis of preparation

Cairn Homes plc ("the Company") is a company domiciled in Ireland. The Company's registered office is 45 Mespil Road, Dublin 4. The Company and its subsidiaries (together referred to as "the Group") are predominantly involved in the development of residential property for sale.

The unaudited consolidated financial information covers the year ended 31 December 2022.

The Group unaudited consolidated financial information does not include all the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since 31 December 2021. They should be read in conjunction with the statutory consolidated financial statements of the Group, which were prepared in accordance with IFRS as adopted by the European Union, as at and for the year ended 31 December 2021, and the interim results for the six-month period ended 30 June 2022, issued on 08 September 2022. The statutory financial statements for the year ended 31 December 2021 have been filed with the Companies Registration Office and are available at www.cairnhomes.com. The audit opinion on those statutory financial statements was unqualified and did not contain any matters to which attention was drawn by way of emphasis. The statutory consolidated financial statements of the Group for the year ended 31 December 2022 will be published in April 2023 and will be available on www.cairnhomes.com.

The new IFRS standards, amendments to standards or interpretations that are effective for the first time in the financial year ending 31 December 2022 have not had a material impact on the Group's reported profit or net assets in this consolidated financial information.

The Group's other accounting policies, presentation and method of computations adopted in the preparation of this consolidated financial information are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 December 2021 except for the following policies for derivatives and joint ventures which relate to new types of transactions entered into by the Group for the first time in 2022.

The Group has transacted derivatives relating to an interest rate swap to manage the interest rate risk arising from floating rate borrowings. Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value 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 the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

Changes in the fair value of derivative hedging instruments designated as cash flow hedges are recognised in other comprehensive income to the extent that the hedge is effective. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts accumulated in other comprehensive income are reclassified to the Consolidated Income Statement in the same periods that the hedged items affect profit or loss as follows:
The reclassified gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the profit and loss within finance income or costs respectively.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income remains there until the forecast transaction occurs, unless the hedged transaction is no longer expected to occur, in which case the cumulative gain or loss that was previously recognised in other comprehensive income is transferred to profit and loss.

At inception of the hedge relationship, the group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The group documents its risk management objective and strategy for undertaking its hedge transactions.

1. Accounting Policies *(continued)*

Basis of preparation *(continued)*

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The Group also entered in a joint venture during the year ended 31 December 2022. A joint venture is an arrangement where the Group has joint control and the Group has rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. The Investment in a joint venture is initially recognised at cost. Subsequent to initial recognition, the carrying amount of the investment in a joint venture is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group until the joint control ceases. The Group does not continue to recognise its share of losses of joint ventures when the carrying value has been reduced to zero.

The preparation of consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results could differ materially from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The significant accounting judgement impacting this consolidated financial information is:
- scale and mix of each development and the achievement of associated planning permissions.

This may involve assumptions on new or amended planning permission applications. This judgement then feeds into the process of forecasting expected profitability by development which is used to determine the profit that the Group is able to recognise on its developments in each reporting period and the net realisable value of inventories.

The key sources of estimation uncertainty impacting this consolidated financial information are:
- forecast selling prices;
- build cost inflation; and
- carrying value of inventories and allocations from inventories to cost of sales (note 5).

Due to the nature of the Group's activities and, in particular the scale of its development costs and the length of the development cycle, the Group has to allocate site-wide development costs between units completed in the current year and those in future years. It also has to forecast the costs to complete on such developments and make estimates relating to future sales prices. Forecast selling prices and build cost inflation are inherently uncertain due to changes in market conditions. These estimates impact management's assessment of the net realisable value of the Group's inventories and also determine the extent of profit or loss that should be recognised in respect of each development in each reporting period. Note 5 includes disclosures on judgements and estimates in relation to profit margins and carrying values of inventories. In making such assessments and allocations, there is a degree of inherent estimation uncertainty.

The Group has developed internal controls designed to effectively assess and review carrying values and profit recognition and the appropriateness of estimates made. The Group recognises its gross profit on each sale, based on the particular unit sold and the total cost attaching to that unit. As the build cost on a site can take place over a number of reporting periods the determination of the cost of sale to release on each individual unit sale is dependent on up-to-date cost forecasting and expected profit margins across the scheme.

In preparing the financial statements, the Directors have considered the impact of climate change. There has been no material impact identified on the financial reporting judgements and estimates as a result of climate change. In particular, the Directors considered the impact of climate change in respect of the following areas: going concern and viability of the Group over the next three years; cash flow forecasts used in the impairment assessments of inventories; and carrying value and useful economic lives of property, plant and equipment. Whilst there is currently no medium-term impact expected from climate change, the Directors are aware of the ever-changing risks attached to climate change and will regularly assess these risks against judgements and estimates made in preparation of the Group's financial statements.

1. Accounting Policies *(continued)*

Basis of preparation *(continued)*

The consolidated financial information is presented in Euro, which is the functional currency of the Company and presentation currency of the Group, rounded to the nearest thousand.

Going concern

Momentum has been very strong since the end of the second Covid-19 construction lockdown in May 2021 and Cairn has closed 1,526 new home sales in the last 12 months to 31 December 2022. The Group had its strongest ever performance during 2022. The Group entered 2023 with its largest ever forward sales pipeline of over 1,100 new homes. The Irish economy is expected to grow again in 2023 with the Government forecasting a second year of an exchequer surplus. Inflation and interest rates remain a concern, however, population growth, family formation numbers, strong employment, a healthier banking environment and more Government initiatives than ever to support home buyers are all positive tailwinds. The Group has a long-term strategy that focuses on minimising financial risk and maintaining financial flexibility. The business has both strong liquidity and a significant forward order book, a robust balance sheet and sustainable, lowly leveraged debt facilities.

In order to mitigate any risk, the Group applies a prudent cash management policy ensuring the production activities in the near term are focused towards forward sold inventories and inventories which will continue to be attractive to its multiple and expanding routes to market.

The Group did not avail of any wage subsidy support from the Irish Government during 2022 or 2021.

The Group held €21.7 million of cash at 31 December 2022 (31 December 2021: €40 million) and has strong liquidity with the Group's loan facilities being repayable between 31 July 2024 and 30 June 2027. The Group had undrawn revolving credit facilities of €177.5 million as at 31 December 2022 (€194 million as at 31 December 2021).

In July 2022 the Group successfully completed a new debt refinancing of the €277.5 million syndicate facility into a new five-year sustainability linked syndicate term loan and revolving credit facility with Allied Irish Banks plc, Bank of Ireland plc and Barclays Bank Ireland plc, repayable in June 2027. There were no changes relating to the Group's €72.5 million loan notes with Pricoa Capital Group, repayable on 31 July 2024 (€15.0 million), 31 July 2025 (€15.0 million) and 31 July 2026 (€42.5 million).

The Group commenced construction on eight new sites during 2022, extending our development footprint beyond the greater Dublin area with new site commencements in Cork, Limerick and Kilkenny. While build cost inflation has had an impact on gross and operating margins, the business has responded well and has delivered an improvement in gross margins, strong sales and an increase in profitability when compared to the prior year. The Group is also encouraged by the level of underlying demand in the market as evidenced by the strength of our forward sales pipeline.

The Directors have carried out a robust assessment of the principal risks facing the Group and have considered the impact of these risks on the going concern of the business. In making this assessment, consideration has been given to the uncertainty inherent in financial forecasting including future market conditions for construction costs and sales prices. Where appropriate, severe but plausible downside-sensitivities have been applied to the key factors affecting the future financial performance of the Group.

Having considered the Group's forecasts and significant liquidity, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they are satisfied that it is appropriate to continue to adopt the going concern basis in preparing this consolidated financial information and there are no material uncertainties in that regard which are required to be disclosed.

2. Revenue

	2022 €'000	2021 €'000
Residential property sales	610,813	419,406
Residential site and other sales	6,407	4,217
Revenue from contracts with customers	617,220	423,523
Income from property rental	137	360
	617,357	423,983

Residential property sales		
Houses and duplexes	342,299	220,306
Apartments	268,514	199,100
	610,813	419,406

3. Finance costs

	2022 €'000	2021 €'000
Interest expense on financial liabilities measured at amortised cost	8,600	6,671
Cashflow hedges- reclassified from other comprehensive income	70	-
Other finance costs	782	1,451
Interest on lease liabilities (note 11)	193	25
	9,645	8,147

Interest expense includes interest and amortised arrangement fees and issue costs on the drawn term loans, revolving credit facility and loan notes. Other finance costs include commitment fees on the undrawn element of the revolving credit facility during the year.

4. Taxation

	2022 €'000	2021 €'000
Current tax charge for the year	13,111	7,748
Deferred tax credit for the year	(669)	(754)
Total tax charge	**12,442**	6,994

Profit before tax	**93,472**	**50,235**
Tax charge at standard Irish income tax rate of 12.5%	11,684	6,279
Effects of:		
Expenses not deductible for tax purposes	735	631
Adjustment in respect of prior year	23	84
Total tax charge	**12,442**	6,994

Deferred tax liabilities

	2022 €'000	2021 €'000
Opening balance	3,808	4,562
Credited to profit or loss	(669)	(754)
Closing balance	**3,139**	3,808

5. Inventories

	2022 €'000	2021 €'000
Land held for development	628,326	671,652
Construction work in progress	339,016	268,348
	967,342	940,000

Land held for development includes strategic land acquisitions during the year ended 31 December 2022 of €32.1 million (2021: €43.4 million).

The Directors consider that all inventories are essentially current in nature although the Group's normal operational cycle is such that a considerable proportion of inventories will not be realised within 12 months. It is not possible to determine with accuracy when specific inventories will be realised as this will be subject to a number of factors such as consumer demand and the timing of planning permissions.

The cost of inventories includes direct labour costs and other direct wages and salaries as well as the cost of land, raw materials, and other direct costs. During the year ended 31 December 2022 €0.1 million (2021: €0.3 million) of other direct wages and salaries for employees in construction related roles were estimated to be non-productive and were expensed and included in administrative expenses. All other direct wages and salaries for employees in construction related roles incurred during this period were included in the cost of inventories.

As the build costs on each site can take place over a number of reporting periods the determination of the cost of sales to release on each sale is dependent on up to date cost forecasting and expected profit margins across the various developments. The Directors review forecasting and profit margins on a regular basis and have incorporated any additional costs as a result of inflation. The Directors have also considered the impact of climate change in relation to costs and expected profit margins. There has been no material impact identified on the financial reporting judgements and estimates as a result of climate change. Nearer-term costs are largely fixed as they are in most cases fully procured, and others are variable and particular focus has been given to these items to ensure they are accurately reflected in forecasts and profit margins. There is a risk that one or all of the assumptions may require revision as more information becomes available, with a resulting impact on the carrying value of inventories or the amount of profit recognised. The risk is managed through ongoing site profitability reforecasting with any necessary adjustments being accounted for in the relevant reporting period. The Directors considered the evidence from impairment reviews and profit forecasting models across the various sites and are satisfied with the carrying values of inventories (development land and work in progress), which are stated at the lower of cost and net realisable value, and with the methodology for the release of costs on the sale of inventories.

At 31 December 2022, the market capitalisation of the Group was lower than net assets of the Group (market capitalisation is the quoted share price multiplied by the number of ordinary shares in issue). There are a large number of factors driven by market conditions that can influence the market capitalisation of a company. However, under IFRS, instances where market capitalisation is below net assets are considered to be a potential indicator that assets may be impaired. The Group's principal assets are represented by inventories. Such assets are stated at the lower of cost and net realisable value and were therefore, in any event, assessed for impairment (i.e. any evidence that the net realisable value was less than the carrying amount) as at 31 December 2022 and no impairment issues were noted.

6. Trade and other receivables

	2022 €'000	2021 €'000
Trade receivables	3,517	15,269
Prepayments	1,015	845
Construction bonds	14,654	10,864
Other receivables	1,261	1,504
	20,447	28,482

6. Trade and other receivables *(continued)*

Trade receivables relate to remaining amounts due in relation to residential property sales to institutional investors.

The Directors consider that all construction bonds are current assets as they will be realised in the Group's normal operating cycle, which is such that a proportion of construction bonds will not be recovered within 12 months. It is estimated that €9.6 million of the construction bond balance at 31 December 2022 (2021: €5.5 million) will be recovered after more than 12 months from that date.

The carrying value of all trade and other receivables is approximate to their fair value.

7. Cash and cash equivalents

	2022 €'000	2021 €'000
Current		
Cash and cash equivalents	**21,711**	40,028

Cash deposits are made for varying short-term periods depending on the immediate cash requirements of the Group. All deposits can be withdrawn without significant changes in value and accordingly the fair value of current cash and cash equivalents is identical to the carrying value.

8. Share capital and share-based payments

	Number	2022 €'000	Number	2021 €'000
Authorised				
Ordinary shares of €0.001 each	1,000,000,000	1,000	1,000,000,000	1,000
Founder shares of €0.001 each	100,000,000	100	100,000,000	100
Deferred shares of €0.001 each	120,000,000	120	120,000,000	120
A Ordinary shares of €1.00 each	20,000	20	20,000	20
Total authorised share capital		**1,240**		1,240

As at 31 December 2022	Number	Share Capital €'000	Share Premium €'000	Total €'000
Issued and fully paid				
Ordinary shares of €0.001 each	685,777,452	686	199,597	200,283
Founder shares of €0.001 each	19,182,149	19	19	38
Deferred shares of €0.001 each	19,980,000	20	-	20
		725	**199,616**	**200,341**

As at 31 December 2021	Number	Share Capital €'000	Share Premium €'000	Total €'000
Issued and fully paid				
Ordinary shares of €0.001 each	749,932,223	750	199,597	200,347
Founder shares of €0.001 each	19,182,149	19	19	38
Deferred shares of €0.001 each	19,980,000	20	-	20
		789	199,616	200,405

8. Share capital and share-based payments *(continued)*

Founder shares

The holders of Founder Shares are not entitled to receive dividends and do not have voting rights at meetings of the Company save in relation to a resolution to wind up the Company or to authorise the Directors to issue further Founder Shares. Founder Shares entitled Prime Developments Ltd ("PDL") (the ultimate beneficiaries of PDL are Alan McIntosh, a Director, and his spouse) and Kevin Stanley to receive 20% of the Total Shareholder Return (which is the increase in the market capitalisation of the Company, plus dividends, returns of capital or distributions in the relevant periods) (the Founder Share Value), over the seven years following the Initial Public Offering in 2015 (until 30 June 2022), subject to the satisfaction of the Performance Condition, being the achievement of a compound rate of return of 12.5% per annum in the Company's share price, as adjusted for any dividends, returns of capital or distributions paid in the period. In such cases, the Founder Shares would be converted into Ordinary Shares or paid out in cash, at the option of the Company, in an amount equal to the Founder Share Value. Subject to satisfying the Performance Condition there was no limitation on the amount to be converted into Ordinary Shares (or otherwise issued as Ordinary Shares at nominal value to fulfil the value of 20% of Total Shareholder Return achieved) or paid out in cash, other than the seven-year limit referred to above. The seven-year limit expired on 30 June 2022. There were no conversions of Founder Shares to Ordinary Shares during the year ended 31 December 2022 or year ended 31 December 2021. On expiry of the entitlements on 30 June 2022, the remaining balance of €5.6 million held in the share-based payment reserve in relation to Founder Shares was transferred in full to retained earnings.

Share buyback programme

On 13 January 2022, the Company commenced a €75 million share buyback programme, which completed on 24 October 2022. The total cost of shares repurchased under the buyback programme was €75.1 million, which was recorded directly in equity in retained earnings. In accordance with the share buyback programme, all repurchased shares are subsequently cancelled. 65,330,038 repurchased shares were cancelled in the year ended 31 December 2022.

Long term incentive plan

The Group operates an equity settled Long Term Incentive Plan ("LTIP"), which was approved at the May 2017 Annual General Meeting, under which conditional awards of 15,776,346 shares made to employees remain outstanding as at 31 December 2022 (2021: 10,717,995). The shares will vest on satisfaction of service and performance conditions attaching to the LTIP, to include earnings per share performance and other stakeholder metrics over a three-year period.

The 2021 and 2022 LTIP awards are subject to both financial and non-financial metrics. 80% of the 2021 and 60% of the 2022 award will vest subject to the achievement of cumulative EPS targets over the three-year performance period from 2021 to 2023 and 2022 to 2024 respectively. 20% of the 2021 award will vest subject to the achievement of stakeholder metrics which includes customer satisfaction performance with a health and safety underpin. 20% of the 2022 award will vest subject to the achievement of a return on equity target and 20% subject to the achievement of a biodiversity target.

Awards to Executive Directors and senior management are also subject to an additional two-year holding period after vesting.

The Group recognised a charge related to the LTIP during the year ended 31 December 2022 of €5.175 million (2021: €3.296 million) of which €3.798 million (2021: €2.407 million) was charged to administrative expenses in profit or loss and a charge of €1.377 million (2021: €0.889 million) was included in construction work in progress within inventories. Conditional awards of 5,412,506 shares were made to employees under the LTIP in the year ended 31 December 2022.

Dividend equivalents

The Group operates a dividend equivalent scheme linked to its equity settled LTIP. Under this scheme employees are entitled to shares or cash (the choice of settlement is as determined by the Group) to the value of dividends declared over the LTIP's vesting period based on the number of shares that vest. The Group recognised a charge related to dividend equivalents during the year ended 31 December 2022 of €0.905 million (2021: €0.285 million) of which €0.640 million (2021: €0.206 million) was charged to administrative expenses in profit or loss and a charge of €0.265 million (2021: €0.079 million) was included in construction work in progress within inventories.

8. Share capital and share-based payments *(continued)*

Restricted share unit plan

The Group operates a restricted share unit plan, which was approved at the Annual General Meeting on 20 May 2020, under which no remaining conditional awards of shares made to employees remain outstanding as at 31 December 2022 (2021: 1,175,267). The shares vest on satisfaction of service over a one-year period. The Group recognised a charge related to these restricted share units during the year ended 31 December 2022 of €0.648 million (2021: €1.040 million) of which €0.495 million (2021: €0.782 million) was charged to profit or loss and €0.153 million (2021: €0.258 million) was included in construction work in progress within inventories. During the year, the Group issued 1,175,267 shares at a nominal value €0.001 per share due to the vesting of awards granted in May 2020 under the terms of the 2020 restricted share unit plan.

Save as you earn scheme

The Group operates a Revenue approved savings related share option scheme ("save as you earn scheme"), which was approved at the May 2019 Annual General Meeting, under which the Group recognised a charge during the year ended 31 December 2022 of €0.276 million (2021: €0.290 million) of which €0.101 million (2021: €0.104 million) was charged to profit or loss and €0.175 million (2021: €0.186 million) was included in construction work in progress within inventories.

9. Loans and borrowings

	2022 €'000	**2021 €'000**
Non-current liabilities		
Bank and other loans		
Repayable as follows:		
Between one and two years	14,992	-
Between two and five years	155,999	72,461
Greater than five years	-	-
Total non-current liabilities	**170,991**	72,461
Current liabilities		
Repayable within one year	-	77,094
Total current liabilities	**-**	77,094
Total borrowings	**170,991**	149,555

In July 2022 the Group successfully completed a debt refinancing of the €277.5 million syndicate facility into a new five-year sustainability linked syndicate term loan and revolving credit facility with Allied Irish Banks plc, Bank of Ireland plc and Barclays Bank Ireland plc, repayable in June 2027. The term loan and revolving credit facility interest rates are linked to the Group meeting certain sustainability performance targets aligned to its sustainability strategy. The sustainability performance targets are in respect of decarbonisation, biodiversity and the Group's people strategy. There were no changes relating to the Group's €72.5 million loan notes with Pricoa Capital Group.

The Group has a €77.5 million term loan (fully drawn at 31 December 2022 and 31 December 2021) and €200 million revolving credit facility within the syndicate facility. The undrawn revolving credit facility at 31 December 2022 was €177.5 million (31 December 2021: €194 million).

Additionally, the Group has €72.5 million of loan notes with Pricoa Private Capital, repayable on 31 July 2024 (€15 million), 31 July 2025 (€15 million) and 31 July 2026 (€42.5 million).

9. Loans and borrowings *(continued)*

These debt facilities are secured by a debenture incorporating fixed and floating charges and assignments over all the assets of the Group. The carrying value of inventories as at 31 December 2022 pledged as security was €967 million (31 December 2021: €940 million). The amount presented in the financial statements is net of related unamortised arrangement fees and transaction costs.

Reconciliation of Movement of Loans and borrowings to Cash Flows during the period ended 31 December 2022

	Term Loan	Revolving credit facility	Loan notes	Total
	€'000	**€'000**	**€'000**	**€'000**
At 1 January	77,094	-	72,461	149,555
Proceeds from borrowings in the year	75,823	278,988	-	354,811
Repayment of loans in the year	(77,500)	(256,488)	-	(333,988)
Amortisation of borrowing costs	602	-	11	613
At end of year	**76,019**	**22,500**	**72,472**	**170,991**

10. Property, Plant and Equipment

	Leasehold Improvements	Motor Vehicles	Computers, Plant & Equipment	2022 Total
	€'000	**€'000**	**€'000**	**€'000**
Cost				
At 1 January	483	77	3,566	4,126
Additions in the year	2,377	-	3,226	5,603
At end of year	**2,860**	**77**	**6,792**	**9,729**
Accumulated depreciation				
At 1 January	(394)	(49)	(2,518)	(2,961)
Depreciation for the year	(173)	(19)	(787)	(979)
At end of year	**(567)**	**(68)**	**(3,305)**	**(3,940)**
Net book value				
At end of year	**2,293**	**9**	**3,487**	**5,789**

In the year ended 31 December 2022, the Group had additions of €5.6 million (year ended 31 December 2021: €0.4 million). The main additions during the period related to equipment purchases for construction sites and office leasehold improvements.

10. Property, Plant and Equipment *(continued)*

	Leasehold Improvements €'000	Motor Vehicles €'000	Plant, Computers & Equipment €'000	2021 Total €'000
Cost				
At 1 January	483	77	3,156	3,716
Additions in the year	-	-	410	410
At end of year	483	77	3,566	4,126
Accumulated depreciation				
At 1 January	(325)	(30)	(1,914)	(2,269)
Depreciation for the year	(69)	(19)	(604)	(692)
At end of year	(394)	(49)	(2,518)	(2,961)
Net book value				
At end of year	89	28	1,048	1,165

11. Leases

Following the adoption of IFRS 16 in 2019, the Group recognised a lease liability and right of use asset in respect of the lease of its central support office property.

The additions during the year ended 31 December 2021 related to vehicle leases and were determined by discounting the lease payments over the expected remaining term of the leases at a discount rate of 2.6% reflecting the Group's incremental borrowing rate during the year.

The additions during the year ended 31 December 2022 mainly relate to a 10-year lease agreement for a new office with a lease commencement date of 01 January 2022. The lease liability and related right-of-use asset were determined by discounting the lease payments over the expected remaining term of the lease at a discount rate of 2.6% reflecting the Group's incremental borrowing rate at the time.

Right of Use Assets

	2022 €'000	2021 €'000
Cost		
At 1 January	1,615	1,443
Additions in the year	6,575	172
At end of year	8,190	1,615
Accumulated depreciation		
At 1 January	(1,125)	(721)
Depreciation in the year	(1,062)	(404)
At end of year	(2,187)	(1,125)
Net book value		
At end of year	**6,003**	490

11. Leases *(continued)*

Lease Liabilities

	2022 €'000	2021 €'000
Current Liabilities		
Lease liabilities		
Repayable within one year	761	558
Non - Current Liabilities		
Lease liabilities		
Repayable as follows:		
Between one and two years	806	55
Between two and five years	2,194	19
Greater than five years	3,036	-
	6,036	74
Total lease liabilities	**6,797**	632

The movements in total lease liabilities were as follows:

	2022 €'000	2021 €'000
At 1 January	632	824
Additions in the year	6,575	172
Interest on lease liabilities (note 3)	193	25
Lease payments	(603)	(389)
At end of year	**6,797**	632

Contractual Cash flows
The remaining undiscounted contractual cashflows for leases at 31 December 2022 were as follows:

As at 31 December 2022	Total €'000	6 months or less €'000	6-12 months €000	1-2 years €'000	2-5 years €'000	5 years+ €'000
Lease liability	(7,689)	(437)	(505)	(971)	(2,540)	(3,236)

As at 31 December 2021	Total €'000	6 months or less €'000	6-12 months €000	1-2 years €'000	2-5 years €'000	5 years+ €'000
Lease liability	(652)	(201)	(373)	(59)	(19)	-

12. Intangible assets

Software

	2022 €'000	2021 €'000
Cost		
At 1 January	2,199	1,117
Additions in the year	2,083	1,082
At end of year	4,282	2,199
Accumulated depreciation		
At 1 January	(765)	(565)
Depreciation for the year	(474)	(200)
At end of year	(1,239)	(765)
Net book value		
At end of year	**3,043**	1,434

13. Derivatives and hedging reserve

Non- Current Investments

	2022 €'000	2021 €'000
Derivative Financial Instruments		
Interest rate swaps – cash flow hedges	**847**	-

Derivative Financial Instruments
During the year, the Group entered into an interest rate swap ("swap") in respect of €18,750,000 of its syndicate term loan. The interest rate swap has a fixed interest rate of 1.346% and variable interest rate of three-month Euribor. The fair value of the swap as at 31 December 2022 was €847,000. Changes in the fair value of derivative hedging instruments designated as cash flow hedges are recognised in the cashflow hedge reserve to the extent that the hedge is effective. Any gain or loss relating to the ineffective portion is recognised in profit or loss in the period incurred. The hedge was fully effective for the year ended 31 December 2022. Amounts accounted for in the cash flow hedging reserve in respect of the swap during the current year have been set out in the Consolidated Statement of Changes in Equity on page 13.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Hedging reserve
The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss or directly included in the initial cost or other carrying amount of a non-financial asset or non – financial liability.

14. Trade and other payables

	2022 €'000	2021 €'000
Trade payables	17,956	21,060
Deferred consideration	10,000	10,000
Accruals	43,321	28,277
VAT liability	19,721	19,726
Other creditors	1,436	1,143
	92,434	80,206

14. Trade and other payables *(continued)*

Deferred consideration relates to amounts payable in relation to land purchased. Other creditors represent amounts due for payroll taxes and relevant contracts tax.

The carrying value of all trade and other payables is approximate to their fair value.

15. Earnings per share

The basic earnings per share for the year ended 31 December 2022 is based on the profit attributable to ordinary shareholders of €81.0 million and the weighted average number of ordinary shares outstanding for the period.

	2022	**2021**
Profit attributable to owners of the Company (€'000)	81,030	43,241
Numerator for basic and diluted earnings per share	**81,030**	43,241
Weighted average number of ordinary shares for period (basic)	703,045,720	749,771,525
Dilutive effect of restricted share unit awards and options	31,835	1,215,267
Dilutive effect of LTIP awards	7,306,541	-
Denominator for diluted earnings per share	**710,384,096**	750,986,792
Earnings per share		
- Basic	11.5 cent	5.8 cent
- Diluted	11.4 cent	5.8 cent

16. Dividends

Dividends of €40.7 million were paid by the company during the year (2021: €19.9m). A dividend of 2.8 cent per ordinary share, totalling €19.9 million, was paid on 17 May 2022 and a dividend of 3.0 cent per ordinary share, totalling €20.8 million, was paid on 17 October 2022.

17. Related party transactions

There were no related party transactions during the year ended 31 December 2022 other than directors' remuneration.

18. Commitments and contingent liabilities

Pursuant to the provisions of Section 357, Companies Act 2014, the Company has guaranteed the liabilities and commitments of its subsidiary undertakings for their financial years ending 31 December 2022 and as a result such subsidiary undertakings have been exempted from the filing provisions of Companies Act 2014.

As at 31 December 2022 Cairn Homes Properties Limited had committed to sell c. 1,100 new homes for c. €375 million (ex. VAT).

At 31 December 2022, the Group had a contingent liability in respect of construction bonds in the amount of €4.2 million (2021: €3.4 million).

The Group is not aware of any other commitments or contingent liabilities that should be disclosed.

19. Events after the year end

On 1 March 2023, the Company proposed a final 2022 dividend of 3.1 cent per share subject to shareholder approval at the 2023 AGM on 11 May 2023. Based on the ordinary shares in issue at 1 March 2023, the amount of dividends proposed is €21.3 million. The proposed final dividend of 3.1 cent per ordinary share will be paid on 16 May 2023 to ordinary shareholders on the Company's register on 21 April 2023.

On 1 March 2023 the Company proposed a share buyback programme of €40 million with a commencement date of 3 March 2023.

CAIRN HOMES PLC
COMPANY INFORMATION

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Michael Stanley (Chief Executive Officer)
Shane Doherty (Chief Financial Officer)
Julie Sinnamon (Non-Executive)
Gary Britton (Non-Executive)
Giles Davies (Non-Executive)
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