CAIRN

# Results for the Six Months Ended 30 June 2023
# Guidance Upgraded and Record Full Year Housing Output Expected

**Dublin / London, 07 September 2023:** Cairn Homes plc ("Cairn", "the Company" or "the Group") (Euronext Dublin: C5H / LSE: CRN) today announces its interim results for the six months ended 30 June 2023.

| Sales Highlights | As at 6 September 2023 | As at 7 September 2022 | Change |
|---|---|---|---|
| Closed and forward sale order book (units)[1] | **2,730** | 1,988 | +37% |
| Closed and forward sale order book (value)[1] | **1,010** | 760 | +33% |
| Average selling price (excluding VAT) (€'k)[1] | **370** | 382 | (3%) |

| Financial Highlights €'m | 6 months ended 30 June 2023 | 6 months ended 30 June 2022 | Change |
|---|---|---|---|
| Revenue | **219.5** | 240.4 | (9%) |
| Gross profit | **46.5** | 51.7 | (10%) |
| Gross margin | **21.2%** | 21.5% | (30bps) |
| Operating profit | **29.6** | 36.2 | (18%) |
| Operating margin | **13.5%** | 15.1% | (160bps) |
| Earnings per share (cent) | **3.0** | 3.8c | (0.8) |
| Dividends per share (cent) (declared for the period) | **3.1** | 3.0c | +0.1 |

### Key Highlights

- Cairn has experienced our best period to date for sales agreed with a current closed and forward order book of 2,730 homes with a net sales value in excess of €1 billion.
- 535 new home sales closings, generated €219.5 million revenue and €29.6 million operating profit, and strong demand underpins our confidence in further upgrading FY23 guidance.
- Substantial ongoing investment in our ambitious growth with closing construction work-in-progress ("WIP") of €419.2 million which will reduce in the second half of the year with more than 1,265 new homes sales completions forecast.
- Expect to deliver FY23 sales completions of at least 1,800 new homes, an 18% increase over FY22 and a corresponding increase in operating profit to between €110 - €115 million, generating an operating margin of c. 16.5%.
- Construction of our multi-year c. 5,500 new home mixed-tenure development at Seven Mills (Clonburris) is progressing very well, with c. 100 sales completions forecast in H2 2023. Construction will start on our second phase shortly, and in 2024 Cairn expects to start our first ultra-low energy Passive apartment scheme at Seven Mills, a significant milestone for the development and the Company's decarbonisation journey.
- Interim dividend of 3.1 cent per ordinary share declared today.
- Current €40 million share buyback programme is today being increased to €75 million, which will result in committed shareholder returns of between €115 - €120 million for FY23.

### Macroeconomic Backdrop

- Irish public finances are amongst the strongest in Europe. Tax revenues grew by nearly 7% in the eight months to August 2023 with a €10 billion Government surplus forecast for 2023, equating to 4% of GNI* (source: Department of Finance).
- Driven by record employment of 2.64 million, annual consumer spending growth of 3.7% in the year to June 2023 underpins Ireland's continued economic growth, with household deposits at a record €152 billion in July 2023 (source: CSO, CBI).

[1] Represents the combined total of new home sales closings year-to-date and forward sales agreed as at the relevant date by number of units, total value (ex. VAT) and average selling price (ex. VAT)

- 30,546 new homes delivered in the 12 months to June 2023, up 23% year on year, with new home commencements down 5% in the same period to 28,369 homes highlighting the structural undersupply of new homes with annual demand estimated at between 42,000 and 62,000 new homes and supported by a population growing at ten times the EU average (source: CSO, Department of Housing, The Housing Commission, Eurostat).
- Mortgage market conditions remain positive. There were 3,742 first time buyer ("FTB") mortgage drawdowns for new homes in H1 2023 valued at €1.2 billion, up nearly 7% in volume and 23% in value compared to H1 2022 (source: BPFI). Green mortgages are also available for A2 rated new Cairn homes at discounts of over 100bps on equivalent standard fixed rates.
- Essential Government supports continue to improve access to new homes for prospective homeowners, including *Help to Buy* where a record 22,045 applications were submitted by FTBs in the seven months to July, up 24% on the same period in 2022, and the *First Home* shared equity scheme with nearly 2,000 applications approved in its first year of operation. These supports are important in a higher interest rate and inflationary environment.
- The Government's recent commitment to further increase funding for Approved Housing Bodies and the Land Development Agency will lead to new commencements on some of the many stalled apartment developments in main urban areas, which will deliver significant numbers of affordable rental homes.

**Financial & Operational Highlights**

- Achieved a 21.2% gross margin in H1 2023 off relatively flat sales pricing in the period with expected total build cost inflation for FY23 of c. 4% (c. €10,000 per unit).
- 1,000 new homes commenced in the period equating to over 7% of all national commencements. The Company expects to commence over ten new sites in the next 12 months, to support our growth ambitions for 2024 and 2025.
- Recognised by our peers as Developer of the Year at the National Property Awards 2023 and Residential Project of the Year (for our 385-unit Griffith Wood apartment development) at the 2023 Irish Construction Excellence Awards, highlighting our proven track record and commitment to delivering exceptional apartment developments in great locations.
- Placed in the Top 20 of the Large Category of Best Workplaces for the first time and retained our Great Place to Work certification.
- We are continually looking at ways we can support our employees with cost-of-living challenges. We introduced a number of supports during the first half of 2023, including a targeted one-off €3,500 cost-of-living allowance to support all employees below senior management level.

**Upgraded FY23 Guidance and Increased €75 Million Share Buyback Programme**

- Supported by the strength of our multi-year current €1 billion closed and forward order book of 2,730 new homes, the Company expects to deliver a year of record new home closings, revenue, cash and profit generation. As a result, FY23 guidance is upgraded as follows:
  - turnover in excess of €675 million (previously in excess of €650 million) from at least 1,800 closed new home sales (previously 1,750 – 1,800 closed new home sales), including over 1,265 closed new home sales in H2 2023;
  - core housebuilding gross margin unchanged at c. 21.2% (previously c. 21.0%);
  - c. €110 - €115 million operating profit (previously €105 - €110 million) and an operating margin of c. 16.5%;
  - progressive ordinary dividends, by way of both an interim and final dividend, of between 40 – 50% of FY23 profit after tax; and
  - having invested heavily in our business during H1 2023, and returned almost €100 million to shareholders by the end of the year, we expect both year-end WIP and net debt to be c. €340 million and c. €130 million respectively.
- The Company remains in a period of significant cash generation and is committed to both continually reinvesting in our business to fund our sustainable multi-year growth and distributing surplus cash flow and capital to shareholders. All reinvestment in our operational activities, including accretive acquisitions, is subject to exceeding our internal returns hurdles. With the €35 million increase to our €40 million share buyback programme announced today for a total of €75 million, we have now committed more than €96 million in shareholder returns this year in advance of declaring a final FY23 dividend.
- The Company expects that FY24 will represent another year of significant growth in our annual housing output, with over 950 already forward sold, and progress towards a c. 15% return on equity ("ROE") target as we exit 2024. More granular guidance for FY24 will be provided early next year.

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

"In 2023 Cairn will deliver 1,800 energy efficient and quality-built new homes to our customers. Total housing output in Ireland is likely to remain unchanged at c. 30,000. Against this backdrop, we are pleased to be increasing our year-on-year delivery by nearly 20%. Seven Mills in Dublin 22 is Cairn's largest development to date and was successfully launched for sale last weekend. We will invest over €2 billion in constructing this new town in the coming years, providing homes for over 25,000 people in this exceptional location."

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An analyst and investor call will be hosted by Michael Stanley, CEO, and Shane Doherty, CFO, today 7 September 2023 at 8.30am (BST). Please use the numbers below, quoting the access code 668386:

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**Notes to Editors**

Cairn Homes plc ("Cairn") is an 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. 16,300-unit landbank across 35 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**

Cairn's Sustainability Agenda is central to our strategy for growth and our continually increasing output to the market of new high quality, energy efficient homes that our customers love, in locations where communities can thrive, is testament to this. Cairn has set ambitious and meaningful sustainability targets which are fully embedded into every aspect of our business and underpin our commitments to decarbonising the built environment; sustainable building practices; quality; health and safety, through our Better Ways to Build continuous construction improvement programme; and respect for the wellbeing and working environment of our people.

Our Sustainability targets and commitment to create a positive social impact are long-term in nature as evidenced by our scope 1, 2 (reduce absolute emissions by 46.2%) and 3 (reduce by 61% per square metre) decarbonisation targets out to 2030 which have been validated by the corporate gold-standard Science-Based Targets Initiative ("SBTi") and conform with their Criteria and Recommendations (Criteria version 5.0). SBTi has classified our scope 1 and 2 target ambition as in line with a 1.5° Celsius trajectory. We published our second Sustainability Report in April 2023 in which the breadth and scale of disclosures highlighted the significant progress which our business has made in reporting our alignment to the standards and definitions set out by the IFRS SASB Standards, the Global Reporting Initiative ("GRI") and the Task Force on Climate-Related Financial Disclosures ("TCFD") in an open and transparent manner.

The Company's focus for 2023 is to continue to look for better ways to build our new homes and communities, and key progress and highlights in the year to date across our Environmental, Social and Governance workstreams include:

- meeting our four annual sustainability performance targets across decarbonisation, biodiversity and people which underpin our €277.5 million Sustainability Linked syndicate loan facility, following external validation and assurance testing for the year ended 31 December 2022;
- being recommended for three important certifications from the NSAI ISO (International Organization for Standardization): ISO 9001:2015 (Quality Management Systems); ISO 14001:2015 (Environmental Management); and ISO 45001:2017 (Occupational Health, Safety and Welfare Management) in recognition of our organisational processes, product and service standards and demonstrating the quality of our management systems framework, our commitment to the health and safety of everyone working for our business and our focus on reducing our environmental impact;
- progressing our employee value proposition as evidenced by maintaining consistently high scores in our 2023 employee engagement survey;
- in continually looking at ways we can support our employees with cost-of-living challenges, we introduced a number of supports during the first half of 2023, including a targeted one-off €3,500 cost-of-living allowance to support all employees below senior management level; and
- placing in the Top 20 in the Large Category of Best Workplaces for the first time and retaining our Great Place to Work certification.

**IMPLEMENTATION OF STRATEGY**

Cairn is a home and community builder, leading the market in creating sustainable foundations upon which Ireland can thrive. Cairn's corporate objective is to deliver sustainable new homes, including houses, duplexes and apartments, to a broadening customer base at pace and scale, building communities that serve our country's present and future needs. These new homes can only be produced from a scalable operating platform, through established supply chain partnerships and on development sites from a historic low-cost c. 16,300 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 8,000 customers choosing a new Cairn home to date. These new homes are delivered on our current 35 site landbank which comprises suburban and commuter belt low-density housing sites (c. 12,100 units at an average historic site cost of c. €26,000 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. This will be followed by further expansion in Galway and potentially other regional locations.
- **The Strength of our Team:** we continue to invest in our people and extend our capacity and capability. Our team grew by over 6% during the first half of 2023 across all areas of our business.

- **Better Ways to Build:** our continuous improvement programme which focuses on digital construction, innovation, productivity and scaled efficiencies to drive operational excellence and maintain our competitive and market advantage.
- **Apartment Delivery Expertise:** as Ireland's largest self-build apartment developer, we will continue to leverage the knowledge capture and experience from our proven scaled delivery capability with over 4,000 apartments delivered or under construction to date in areas of high employment.

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

- **Business to Customer:** well-located, energy efficient, A-rated starter homes on multimodal transport links in areas of proven demand for our core FTB market 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 scale, pace and value for money for State housing partners; 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.

Cairn's strategic objectives and scaling ambitions are fully aligned with the Government's supportive and fully funded *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. This 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. Various State agencies have entered the market seeking in particular to acquire scaled, high-density apartment developments for the Social & Affordable rental market.

Our innovative 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 that strong foundations are laid for Cairn to continue to be a leading Irish business and one prepared for a sustainable and long-term future.

**FINANCIAL REVIEW**

The first six months of 2023 saw another period of strong performance for our business. Revenues of €219.5 million (H1 2022: €240.4 million) included €217.3 million from 535 closed sales (H1 2022: €240.3 million from 547 closed sales) and €2.2 million from development site and other sales (H1 2022: €0.1 million). Our closed sales had an average selling price, excluding VAT ("ASP") of €406,000 (H1 2022: €439,000).

Gross profit for the period was €46.5 million (H1 2022: €51.7 million), delivering a gross margin of 21.2% (H1 2022: 21.5%, FY 2022: 21.7%). The decrease in gross margin over FY 2022 was predominantly driven by product mix with more lower ASP units sold, relatively flat sales pricing and persistent, if moderating, build cost inflation. The business continues to focus on our supply chain and procurement strategies, digital construction and our innovation agenda to minimise the impact of build cost inflation.

Operating profit of €29.6 million (H1 2022: €36.2 million) resulting in an operating margin of 13.5% (H1 2022: 15.1%, FY 2022: 16.7%). Operating expenses of €16.8 million (H1 2022: €15.5 million) reflected the ongoing re-investment in our business to support our growth agenda.

Finance costs for the period were €5.4 million (H1 2022: €4.5 million). The growth in our business and our continued scaling resulted in increased working capital investment throughout the period. This led to average higher drawings with increased variable borrowing costs in a rising interest rate environment compared to H1 2022.

Profit after tax was €20.7 million (H1 2022: €27.1 million), equating to earnings per share of 3.0 cent (H1 2022: 3.8 cent).

Inventories at 30 June 2023 of €1,015.8 million (31 December 2022: €967.3 million) included land held for development of €596.6 million (31 December 2022: €628.3 million) and construction work-in-progress ("WIP") of €419.2 million (31 December 2022: €339.0 million). The €80.2 million net WIP investment in the period underpins our strong forward order book, new site commencements in the period and our growing operational scale. The Company expects this entire €80.2 million net WIP investment to unwind by year-end with over 1,265 new homes sales forecast to close in H2 2023. The reduction in land held for development represents the release of land held from our 535 sales completions in H1 2023.

We used €30.7 million of cash in operations (H1 2022: €26.8 million used) as we continued to invest in WIP to support our growth strategy. The business is expected to generate significant operating cashflow in H2 2023.

The Group has a total debt facility of €350.0 million, of which €277.5 million is a syndicate facility with a Sustainability Linked term loan and revolving credit facility with Allied Irish Banks plc, Bank of Ireland and Barclays Bank Ireland plc, maturing in June 2027. Four sustainability performance targets underpin these green facilities which are linked directly to key elements of our sustainability strategy across decarbonisation, biodiversity and people. All four annual sustainability performance targets for the year ended 31 December 2022 were met following external assurance testing and validation.

Net debt was €228.6 million as at 30 June 2023 (31 December 2022: €149.3 million). The Company had available liquidity (cash and undrawn facilities) at 30 June 2023 of €120.0 million (31 December 2022: €193.2 million). The €79.3 million increase in net debt was due to a number of factors, including €43.5 million of share repurchases and dividend payments and a net €80.2 million investment in WIP. The Company expects year-end net debt to be broadly in line with net debt as at 31 December 2022.

The Board have recommended an interim dividend for the period of 3.1 cent per ordinary share, which will be paid on 6 October 2023 to ordinary shareholders on the Company's register at 5.00 p.m. on 15 September 2023. Additionally, the Company announced a €40 million share buyback programme on 2 March 2023. As at 6 September 2023, 23.4 million shares were repurchased at an average purchase price of €1.07. The Company today increased the size of the share buyback programme by a further €35 million, for a total of €75 million, which is now 33% complete. All repurchased shares have been cancelled.

**SALES**

The Company closed the sale of 535 new homes in H1 2023 across 10 residential developments at an average selling price, excluding VAT ("ASP"), of €406,000 (H1 2022: 547 new homes at an ASP of €439,000). There were no multifamily unit sales in the period, as was the case in H1 2022 which drove a higher ASP.

The demand for new homes in Ireland remains exceptionally strong across all tenures and product types. Cairn had our best period to date for sales agreed in the first six months of 2023, with 1,130 new homes agreed for sale with a net sales value in excess of €430 million. These sales were agreed throughout the period with our forward order book growing by over 400 new homes between 9 January and 2 March, with a further 400 new home sales agreed by 11 May and the balance of 325 by the half-year end.

The majority of our closed sales in H1 2023 were in phases of large residential developments where we have previously delivered new homes. As we move into H2 2023, we look forward to closing sales across a number of new schemes which we commenced during 2022, including Lanestown View (Donabate), Parkside (Dublin 13), The Tramline, Citywest (Dublin 24), Nyne Park (Kilkenny), Castletroy (Limerick) and Woodlands (Cork).

Our sales closings are more heavily weighted towards the second half of 2023. Having guided at least 1,800 closed sales in FY23, we expect to close more than 1,265 new home sales in H2 2023, a significant increase on the 979 closed sales delivered in H2 2022.

FTBs can now access up to 30% backing towards the purchase price of their new home from the State through impactful initiatives including the well-established Help to Buy scheme (income tax rebate of the lower of €30,000 or 10% of the purchase price of a new home) and the *First Home* shared equity scheme for new homes and apartments, which has been operational for over a year following its launch in July 2022. We have sold new homes to FTBs availing of the *First Home* shared equity initiative across eight of our developments since the scheme launched. The Company looks forward to potentially participating in the Governments Croí Cónaithe (Cities) Scheme, a €450 million fund to support the construction of apartments for sale to owner-occupiers in the private market by bridging the current viability gap of up to €140,000 per apartment between the cost of building apartments and private market sale prices, across a number of our apartment developments.

Cairn has a proven track record in the Irish new homes market in delivering award-winning schemes to our broadening customer base since our initial public offering in June 2015. This diverse buyer pool is fully aligned to the national locations and breadth of our product offering across our c. 16,300 unit landbank. Our sales strategies across our active and future developments are scheme specific and focused on starter homes and duplexes for FTBs and higher ASP housing and apartments for the trade-up / down market.

Cairn also continues to work closely in collaboration with a number of State agencies who are actively seeking Social and Affordable new homes from our strong 2023, 2024 and future delivery pipeline. We are an established delivery partner for various State entities, including AHBs, Local Authorities and the Land Development Agency, from whom the demand for new apartment developments on multimodal transport links and in areas of high employment remains very strong for the Social & Affordable rental market. With our proven operating platform, established subcontractor base and supply chain and pipeline of active and future development apartment sites, we will continue to deliver completed blocks of apartments to these State Agencies at pace, scale and value for money.

Our scaled apartment developments will likely be attractive to institutional investors seeking exposure to the affordable rental market following the recent launch of the Government's Secure Tenancy Affordable Rental ("STAR") incentive to bridge the viability gap on scaled apartment developments for long-term affordable rent.

Our year-to-date closed sales and current forward sales pipeline has grown further to 2,730 new homes as at 6 September 2023 with a net sales value in excess of €1 billion (4 July 2023: 2,230 new homes with a net sales value in excess of €800 million), including sales at the recent successful new scheme launch at Parkleigh in Seven Mills (Clonburris). Our Sorrel Woods development in Blessington will launch in the next few days and both of these were H1 2023 new site commencements where we will deliver closed sales in H2 2023. Of these, we are effectively fully sold for 2023 meaning we will enter 2024 will a strong forward order book of over 950 new homes. We have a two tier forward order book across nearer-term housing and locking in more medium-term scaled apartment sales, which de-risks our significant WIP investment in our active apartment sites.

**INCREASED INVESTMENT IN DELIVERING MORE HIGH QUALITY NEW HOMES**

Cairn commenced construction on five new projects in H1 2023 including the first phase of 569 new homes at our landmark mixed-tenure Seven Mills development at Clonburris, Dublin 22 and a new starter home development at Sorrell Wood, Blessington, Co. Wicklow. Given the size and scale of a number of our existing sites, we also commenced new phases and scaled apartment blocks at developments including Parkside (Balgriffin), Castletroy (Limerick) and Nyne Park (Kilkenny). Development also continued at Citywest (Dublin 24) where construction of the first two out of a total of five blocks, comprising 133 apartments out of a total of 368 apartments, were practically completed in H1 2023 in advance of handover and legal completion in H2 2023.

Our dedicated pre-construction design and development teams continue to progress design team appointments, construction programme planning, phasing plans and group central procurement across our future sites, with our construction teams commencing enabling works across a number of H2 2023 and H1 2024 planned site commencements.

Cairn invested significantly in WIP throughout H1 2023 with a net investment of €80.2 million. Our closing WIP balance of €419.2 million (H1 2022: €339.0 million) is on active residential developments which will provide housing solutions across all tenures and is 1.9 times covered by the €793 million forward sales element of our order book (excluding closed new home sales in H1 2023).

We obtained seven grants of planning permission in the year to date, comprising 1,179 new homes and have a number of planning applications in the Large Scale Residential ("LRD") planning process, the fast-track Strategic Development Zone ("SDZ") process and legacy applications in the previous fast-track Strategic Housing Development (SHD) planning system awaiting determination.

**PRODUCTIVITY, EFFICIENCES AND INNOVATION IN OUR DELIVERY PLATFORM**

Cairn is at the forefront of our industry in sustainable innovation. Through our "Better Ways to Build" continuous improvement programme, which is embedded in our sustainability agenda, our construction activities and the manner in which we deliver our new homes focuses on innovation, productivity and scaled efficiencies. Key areas of progress in H1 2023 include:

- significant investment in IT and digital transformation as we centralised our data storage and analytics capabilities, launched our end-to-end digital sales and stock management platform through Dynamics 365 and a new digital HR platform;
- recommended for three ISO certificates, highlighting the ongoing investment the Company places into achieving best in class digital and organisational systems;
- extensive research, due diligence and pre-construction design work in preparation for the start of one of our first ultra-low energy Passive apartment scheme at Seven Mills which we expect to commence in 2024. As the most energy efficient apartments available in the Irish market, Passive apartments are not only cheaper to operate for the end owner but are considerably more sustainable as the operational energy demand is significantly lower, in turn reducing the Whole Life Carbon emissions;
- refined standardisation through our Library of Homes and Apartments. As an iterative process we continued to develop this resource throughout H1 2023, including a new Technical Design Library to enhance productivity through granular repeatability;
- enhanced our lean construction capabilities with the development of a central Group Procurement function; and
- greater use of fully sustainable construction materials. In partnership with one of our timber frame partners, Kingspan Century Homes, we developed three story timber frame duplexes, the first of their kind in Ireland. Previously these homes were constructed using a combination of brick and timber materials. The use of timber frames significantly reduces carbon emissions as it omits the use of carbon intensive brickwork.

**SUPPLY CHAIN STRATEGY**

Our supply chain strategy continues to focus on leveraging our scaled platform as one of our industry's largest procurers of labour and materials, achieved by securing, supplementing and where necessary, substituting across our supply chain. We continue to expand and develop our supply chain management and relationships. In addition to our materials category management and subcontractor tiering, we began the process of implementing a group procurement initiative during H1 2023. This has resulted in a focus on centralising our procurement activity to realise greater supply chain planning across our portfolio, thereby enabling larger value agreements and multi-project agreements. The Group Procurement Team will begin to support tendering processes in Q3 2023, on a phased basis. This collation of procurement needs will offer greater visibility on our future supply chain requirements, and ultimately help mitigate future inflationary pressures through a more refined and leveraged approach to market. 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 59% of all procurement since IPO (an average in excess of €51 million each), working across an average of 20 developments each.

We currently expect total build cost inflation ("BCI") for FY23 to be c. 4% or c.€10,000 per new home built. Although moderating, BCI persisted in the first half of 2023 with price volatility seen across materials including concrete, insulation and masonry products. Energy and fuel costs are expected to remain somewhat volatile for the remainder of 2023. We have not seen any signs of material price deflation other than in a very small number of materials, and the Government's 5% levy on concrete, introduced on 1 September 2023, will add to concrete product inflation. With ten new site commencements since the start of 2022 and over 4,000 people (including direct employees, subcontractors and other sector professionals) working across our active sites on a daily basis, we continue to leverage our scaled platform and deep supply chain to manage the ongoing inflationary environment.

**ECONOMY**

Ireland's robust economic growth looks set to continue in 2023 supported by growing levels of consumer spending, a strong foreign direct investment sector and healthy Government finances. Modified domestic demand growth for 2023 is now forecast at 3.7%, significantly ahead of GDP forecasts for both the Euro Area (0.9%) and UK (0.4%) (source: CBI, ECB, IMF).

This strong economic backdrop is reflected in the labour market and public finances. With record employment of 2.643 million people working (+3.5% or 88,400 in the year to June 2023) and an unemployment rate of 4.1%, total tax revenue for the eight-month period to the end of August 2023 was 6.6% ahead of the same period in 2022 (source: CSO and Department of Finance). The Irish Government is forecasting a general budget surplus of €10 billion this year, a cumulative 2023 – 2026 surplus of over €56 billion and has signalled its intention to establish a long-term savings fund to manage these budget surpluses. They will also channel some of the "windfall" portion of corporation tax collected into capital investment projects (source: Summer Economic Statement, July 2023).

New homes supply in the first half of 2023 was up 5% year-on-year to 14,017, however following a strong Q1, completions in Q2 were down 3.5% compared to Q2 2022. The industry delivered 29,776 new homes in 2022, the highest level in over a decade (source: CSO). There were 28,369 new homes commenced in the 12 months to June 2023, down 5% year-on-year (source: Department of Housing). Both completions and commencements remain significantly below long-term structural demand levels recently estimated by the Housing Commission of between 42,000 and 62,000 new homes per annum until 2050.

The mortgage market remains buoyant with 3,742 FTB mortgage drawdowns for new homes in H1 2023, valued at €1.2 billion, up nearly 7% in volume and 23% in value compared to H1 2022. FTB mortgage approvals also showed a strong pipeline of demand with 15,211 FTB mortgages valued at €4.4 billion approved in H1 2023, up 9% in volume and 15% in value on H1 2022. This strong underlying demand comes despite significant interest rate increases since July 2022. They are reflective of the impactful Help to Buy and *First Home* shared equity scheme Government initiatives for FTBs and the change in the Central Bank of Ireland's mortgage rules, allowing FTBs to borrow 4 times their single or combined annual income (up from 3.5 times). A record 22,045 Help to Buy applications were submitted by FTBs in the year to July 2023, up 24% on the same period in 2022. Green mortgage offerings by domestic banks for energy efficient homes (building energy ratings below B3) now offer discounts of over 100bps on equivalent standard fixed rate mortgages (source: BPFI, Revenue Commissioners, AIB).

Inflation has continued to ease in recent months with the consumer price index standing at 5.8% in July 2023, down from 7.8% in January (source: CSO). Household deposits remain at record levels having grown by €42 billion between the end of 2019 and July 2023 to €152 billion, €3.3 billion of which has been since January this year, supporting annual consumer spending growth of 3.7% in the year to June 2023 (source: CBI, CSO).

Census 2022 recorded a population of 5.15 million people in April 2022, an increase of 8% since 2016 driven by net inward migration of 220,000 people and a natural population increase of 170,000 people. Recent results released from the Housing module of Census 2022 confirm the need for policies which support and encourage more home ownership, as the proportion of householders in their 30s who are owner-occupiers has fallen by 22% since 2011 (source all: CSO, CBI).

**GOVERNMENT INITIATIVES**

As the number one political and societal priority for the Irish Government, the lack of housing is now identified as a key macroeconomic risk. In the first half of 2023, the Government announced a number of supply and demand side initiatives to support the delivery of new homes under *Housing for All*, adding €1 billion in capital funding to the €4 billion already approved for 2023:

1. Development Levy Waiver Scheme: waives levies paid by developers to Local Authorities (average c. €10,000 per new home) and connection fees paid to Ireland's water utility provider, Uisce Éireann (c. €5,000), for all new homes commenced from 24 April 2023 on the basis of completion before 31 December 2025.
2. Cost Rental Equity Loan ("CREL"): State funding has increased from 45% up to 55% of the capital cost of newly built cost rental homes acquired by AHBs on existing favourable terms, including a new State equity investment element of a maximum of 20%, with "Accelerated CREL" pre-completion drawdowns to be extended to support AHBs in forward funding turn-key acquisitions.
3. Secure Tenancy Affordable Rental Incentive ("STAR"): a €750 million scheme that aims to deliver over 4,000 cost-rental units in high-demand urban areas. Private developers together with AHBs can apply under this scheme to provide cost rental homes, with the State making an equity investment of up to €200,000 per new home, provided they retain a cost rental designation of a minimum 25% discount to market rents for 50 years.

**PRINCIPAL RISKS & UNCERTAINTIES**

A comprehensive statement of the principal risks and uncertainties facing the Company can be found in the Risk Report section of the 2022 Annual Report. Our identification and assessment of these risks, namely economic, policy, brand, financial, development, compliance, people and climate, is facilitated by a robust and comprehensive risk management framework and process that is embedded in management processes. Cairn is committed to ensuring our risk management process matches our strategic, operational and financial objectives. This process is always being reviewed to ensure it is effective and meaningful. The risks we have identified will continue to be relevant to Cairn's business and operations in the second half of the current year. However, acknowledging the numerous external factors that may impact these risks, we will be consistently monitoring the effectiveness of the responses we have developed to ensure they remain effective and relevant. This is in line with our overall approach to identifying and managing risk, which is active and progressive, and continues to focus on operational as well as strategic risk, current risk and the potential for future risks to our longer-term plans.

## CAIRN HOMES PLC
## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE HALF-YEARLY FINANCIAL REPORT
**For the six month period ended 30 June 2023**

The Directors are responsible for preparing the half-yearly financial report in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 ("the Transparency Directive"), and the Transparency Rules of the Central Bank of Ireland.

In preparing the condensed set of consolidated financial statements included within the half-yearly financial report, the Directors are required to:

- prepare and present the condensed set of consolidated financial statements in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU, the Transparency Directive, and the Transparency Rules of the Central Bank of Ireland;
- ensure the condensed set of consolidated financial statements has adequate disclosures;
- select and apply appropriate accounting policies;
- make accounting estimates that are reasonable in the circumstances; and
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for designing, implementing and maintaining such internal controls as they determine are necessary to enable the preparation of the condensed set of consolidated financial statements that is free from material misstatement whether due to fraud or error.

We confirm that to the best of our knowledge:

(1) the condensed set of consolidated financial statements included within the half-yearly financial report of Cairn Homes plc ("the Company") for the six months ended 30 June 2023 ("the interim financial information") which comprises the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and the related explanatory notes, have been presented and prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU, the Transparency Directive, and the Transparency Rules of the Central Bank of Ireland.

(2) The interim financial information presented, as required by the Transparency Directive, includes:
   a. an indication of important events that have occurred during the first 6 months of the financial year, and their impact on the condensed set of consolidated financial statements;
   b. a description of the principal risks and uncertainties for the remaining 6 months of the financial year;
   c. related party transactions that have taken place in the first 6 months of the current financial year and that have materially affected the financial position or the performance of the enterprise during that period; and
   d. any changes in the related party transactions described in the last annual report that could have a material effect on the financial position or performance of the enterprise in the first 6 months of the current financial year.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**On behalf of the board**

| | |
|---|---|
| Michael Stanley | Shane Doherty |
| Chief Executive Officer | Chief Financial Officer |

**CAIRN HOMES PLC**
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)**
**For the six month period ended 30 June 2023**

| | Note | For six month period ended 30 June 2023 | For six month period ended 30 June 2022 |
|---|---|---|---|
| | **Note** | **€'000** | **€'000** |
| **Continuing operations** | | | |
| Revenue | 2 | **219,536** | **240,386** |
| Cost of sales | | **(173,081)** | **(188,654)** |
| **Gross profit** | | **46,455** | **51,732** |
| Administrative expenses | | **(16,821)** | **(15,493)** |
| **Operating profit** | | **29,634** | **36,239** |
| Finance costs | 3 | **(5,424)** | **(4,452)** |
| Share of profit of equity-accounted investee, net of tax | | **106** | **-** |
| **Profit before taxation** | | **24,316** | **31,787** |
| Tax charge | 4 | **(3,612)** | **(4,725)** |
| **Profit for the period attributable to owners of the Company** | | **20,704** | **27,062** |
| **Other comprehensive income** | | | |
| Fair value movement on cashflow hedges | | **88** | **-** |
| Cashflow hedges reclassified to profit and loss | | **(80)** | **-** |
| | | **8** | **-** |
| **Total comprehensive income for the period attributable to owners of the Company** | | **20,712** | **27,062** |
| **Basic earnings per share** | 15 | **3.0 cent** | **3.8 cent** |
| **Diluted earnings per share** | 15 | **3.0 cent** | **3.7 cent** |

**CAIRN HOMES PLC**
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**
**As at 30 June 2023**

| Assets | Note | 30 June 2023 Unaudited €'000 | 31 Dec 2022 Audited €'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 10 | 6,150 | 5,789 |
| Right of use assets | 11 | 5,600 | 6,003 |
| Intangible assets | 12 | 3,757 | 3,043 |
| Derivatives | 13 | 855 | 847 |
| Equity-accounted investee | | 191 | 85 |
| | | **16,553** | **15,767** |
| **Current assets** | | | |
| Inventories | 5 | 1,015,835 | 967,342 |
| Trade and other receivables | 6 | 24,625 | 20,447 |
| Current taxation | | 3,705 | - |
| Cash and cash equivalents | 7 | 82,511 | 21,711 |
| | | **1,126,676** | **1,009,500** |
| **Total assets** | | **1,143,229** | **1,025,267** |
| **Equity** | | | |
| Share capital | 8 | 711 | 725 |
| Share premium | 8 | 200,617 | 199,616 |
| Other undenominated capital | 8 | 126 | 105 |
| Share-based payment reserve | | 9,580 | 11,809 |
| Cashflow hedge reserve | 13 | 855 | 847 |
| Retained earnings | | 520,772 | 538,720 |
| **Total equity** | | **732,661** | **751,822** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Loans and borrowings | 9 | 311,159 | 170,991 |
| Lease liabilities | 11 | 5,634 | 6,036 |
| Deferred taxation | 4 | 3,139 | 3,139 |
| | | **319,932** | **180,166** |
| **Current liabilities** | | | |
| Lease liabilities | 11 | 822 | 761 |
| Trade and other payables | 14 | 89,814 | 92,425 |
| Current taxation | | - | 93 |
| | | **90,636** | **93,279** |
| **Total liabilities** | | **410,568** | **273,445** |
| **Total equity and liabilities** | | **1,143,229** | **1,025,267** |

## CAIRN HOMES PLC
## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
**For the six month period ended 30 June 2023**

| | 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 2023** | **725** | **199,616** | **105** | **-** | **11,809** | **847** | **538,720** | **751,822** |
| **Total comprehensive income for the period** | | | | | | | | |
| Profit for the period | **-** | **-** | **-** | **-** | **-** | - | 20,704 | **20,704** |
| Fair value movement on cashflow hedges | **-** | **-** | **-** | **-** | **-** | 88 | - | **88** |
| Cashflow hedges reclassified to profit and loss | **-** | **-** | **-** | **-** | **-** | (80) | - | **(80)** |
| | **-** | **-** | **-** | **-** | **-** | **8** | **20,704** | **20,712** |
| **Transactions with owners of the Company** | | | | | | | | |
| Purchase of own shares (note 8) | - | - | - | (22,318) | - | - | - | **(22,318)** |
| Cancellation of repurchased shares (note 8) | (21) | - | 21 | 22,318 | - | - | (22,318) | **-** |
| Equity-settled share-based payments (note 8) | - | - | - | - | 3,067 | - | - | **3,067** |
| Settlement of dividend equivalents (note 8) | - | - | - | - | (459) | - | - | **(459)** |
| Shares issued on vesting of share awards and options (note 8) | 7 | 1,001 | - | - | - | - | - | **1,008** |
| Transfer from share-based payment reserve to retained earnings in relation to vesting or lapsing of share awards | - | - | - | - | (4,837) | - | 4,837 | **-** |
| Dividends paid to shareholders (note 16) | - | - | - | - | - | - | (21,171) | **(21,171)** |
| | **(14)** | **1,001** | **21** | **-** | **(2,229)** | **-** | **(38,652)** | **(39,873)** |
| **As at 30 June 2023** | **711** | **200,617** | **126** | **-** | **9,580** | **855** | **520,772** | **732,661** |

**CAIRN HOMES PLC**
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**
**For the six month period ended 30 June 2022**

| | Attributable to owners of the Company | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Share Capital** | **Share Premium** | **Other Undenominated Capital** | **Treasury Shares** | **Share-Based Payment Reserve** | **Retained Earnings** | **Total** |
| | **€'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 period** | | | | | | | |
| Profit for the period | **-** | **-** | **-** | **-** | **-** | 27,062 | **27,062** |
| | **-** | **-** | **-** | **-** | **-** | **27,062** | **27,062** |
| **Transactions with owners of the Company** | | | | | | | |
| Purchase of own shares | - | - | - | (61,945) | - | - | **(61,945)** |
| Cancellation of repurchased shares | (51) | - | 51 | 61,945 | - | (61,945) | **-** |
| Equity-settled share-based payments | - | - | - | - | 3,909 | - | **3,909** |
| Shares issued on vesting of share awards | 1 | - | - | - | - | - | **1** |
| Transfer from share-based payment reserve to retained earnings in relation to vesting or lapsing of share awards | - | - | - | - | (1,408) | 1,408 | **-** |
| Transfer from share-based payment reserve to retained earnings in relation to founder shares | - | - | - | - | (5,582) | 5,582 | **-** |
| Dividends paid to shareholders | - | - | - | - | - | (19,915) | **(19,915)** |
| | **(50)** | **-** | **51** | **-** | **(3,081)** | **(74,870)** | **(77,950)** |
| **As at 30 June 2022** | **739** | **199,616** | **91** | **-** | **8,714** | **518,729** | **727,889** |

## CAIRN HOMES PLC
## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
**For the six month period ended 30 June 2023**

| | For the six month period ended 30 June 2023 €'000 | For the six month period ended 30 June 2022 €'000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit for the period | 20,704 | 27,062 |
| Adjustments for: | | |
| Share-based payments expense | 2,240 | 2,766 |
| Finance costs | 5,424 | 4,452 |
| Depreciation and amortisation | 915 | 727 |
| Taxation | 3,612 | 4,725 |
| | **32,895** | **39,732** |
| Increase in inventories | (47,128) | (72,049) |
| Increase in trade and other receivables | (4,178) | (13,755) |
| (Decrease)/increase in trade and other payables | (4,934) | 23,183 |
| Tax paid | (7,400) | (3,930) |
| **Net cash used in operating activities** | **(30,745)** | **(26,819)** |
| **Cash flows from investing activities** | | |
| Purchases of property, plant and equipment | (1,015) | (2,792) |
| Purchases of intangible assets | (1,125) | (537) |
| **Net cash used in investing activities** | **(2,140)** | **(3,329)** |
| **Cash flows from financing activities** | | |
| Purchase of own shares | (22,318) | (61,945) |
| Proceeds from issue of share capital | 1,008 | - |
| Settlement of dividend equivalents | (459) | - |
| Proceeds from borrowings | 200,000 | 225,000 |
| Repayment of loans | (60,000) | (110,000) |
| Repayment of lease liabilities | (341) | (112) |
| Dividends paid | (21,171) | (19,915) |
| Interest and other finance costs paid | (3,034) | (4,132) |
| **Net cash from financing activities** | **93,685** | **28,896** |
| **Net increase/(decrease) in cash and cash equivalents in the period** | **60,800** | **(1,252)** |
| Cash and cash equivalents at beginning of period | 21,711 | 40,028 |
| **Cash and cash equivalents at end of period** | **82,511** | **38,776** |

## CAIRN HOMES PLC
## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

**1. Accounting Policies**

**Basis of preparation**

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

These unaudited condensed interim consolidated financial statements and the information set out in this report cover the six month period ended 30 June 2023 and have been prepared in accordance with IAS 34 *"Interim Financial Reporting"* as adopted by the European Union.

The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements prepared in accordance with 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 2022. 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 2022. Those statutory financial statements have been filed with the Registrar of Companies 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 interim condensed consolidated financial statements are presented in Euro, which is the functional currency of the Company and presentation currency of the Group, rounded to the nearest thousand.

The new IFRS standards, amendments to standards or interpretations that are effective for the first time in the financial year ending 31 December 2023 have not had a material impact on the Group's reported profit or net assets in these interim financial statements.

The Group's other accounting policies, presentation and method of computations adopted in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 December 2022. The preparation of consolidated financial statements 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 these interim financial statements 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 these interim financial statements 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 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 the appropriateness of estimates made.

**1. Accounting Policies** *(continued)*

**Going concern**

The Group has maintained strong momentum in the six months to 30 June 2023 with 535 closed sales generating total revenue of €219.5 million. The current closed and forward sales pipeline is 2,730 new homes with a net sales value of €1.01 billion. 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 broad buyer pool.

The Group has a total committed debt facility of €350 million, of which €277.5 million is a syndicate facility comprising a Sustainability Linked term loan and revolving credit facility with Allied Irish Banks, Bank of Ireland and Barclays Bank Ireland, maturing in June 2027. Four sustainability performance targets underpin these green facilities which are linked directly to key elements of our sustainability strategy including decarbonisation, biodiversity and people. All four annual sustainability performance targets for the year ended 31 December 2022 were met following external assurance testing and validation.

Net debt was €228.6 million as at 30 June 2023 (31 December 2022: €149.3 million). The Company had available liquidity (cash and undrawn facilities) at 30 June 2023 of €120.0 million (31 December 2022: €193.2 million). The €79.3 million increase in net debt was due to a number of factors, including €43.5 million of share repurchases and dividend payments and a net €80.2 million investment in WIP. The Company expects this entire €80.2 million net WIP investment to unwind by year end with over c.1,265 new homes sales forecast to close in H2 2023. The reduction in land held for development represents the release of land held from our 535 sales completions in H1 2023. The Company expects year-end net debt to be broadly in line with net debt as at 31 December 2022.

Having considered the Group's forecasts and outlook including the strength of its forward order book, 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 these condensed consolidated half year financial statements and there are no material uncertainties in that regard which are required to be disclosed.

**2. Revenue**

| | **For six month period ended 30 June 2023 €'000** | **For six month period ended 30 June 2022 €'000** |
|---|---|---|
| Residential property sales | 217,296 | 240,253 |
| Site and land related sales | 2,225 | 12 |
| Income from property rental | 15 | 121 |
| | **219,536** | **240,386** |

| | **For six month period ended 30 June 2023 €'000** | **For six month period ended 30 June 2022 €'000** |
|---|---|---|
| **Residential property sales** | | |
| Houses and duplexes | 141,740 | 111,760 |
| Apartments | 75,556 | 128,493 |
| | **217,296** | **240,253** |

## 3. Finance costs

| | For six month period ended 30 June 2023 €'000 | For six month period ended 30 June 2022 €'000 |
|---|---|---|
| Interest expense on financial liabilities measured at amortised cost | 4,775 | 3,871 |
| Other finance costs | 638 | 492 |
| Cash flow hedges- reclassified from other comprehensive income | (80) | - |
| Interest on lease liabilities | 91 | 89 |
| | **5,424** | **4,452** |

Interest expense for the six-month period to 30 June 2023 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.

## 4. Taxation

| | For six month period ended 30 June 2023 €'000 | For six month period ended 30 June 2022 €'000 |
|---|---|---|
| Current tax charge for the period | 3,612 | 5,259 |
| Deferred tax credit for the period | - | (534) |
| **Total tax charge** | **3,612** | **4,725** |

**Deferred tax**

The deferred tax liability is comprised of the following:

| | For six month period ended 30 June 2023 €'000 | For year ended 31 December 2022 €'000 |
|---|---|---|
| Opening balance | 3,139 | 3,808 |
| Credited to profit or loss | - | (669) |
| **Closing balance** | **3,139** | **3,139** |

## 5. Inventories

| | 30 June 2023 €'000 | 31 December 2022 €'000 |
|---|---|---|
| Land held for development | 596,635 | 628,326 |
| Construction work in progress | 419,200 | 339,016 |
| | **1,015,835** | **967,342** |

The Directors consider that all inventories are essentially current in nature although the Group's 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 with regard to construction work in progress and the timing of planning permissions in respect of land held for development.

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 six-month period ended 30 June 2023, €0.2 million (30 June 2022: €0.1 million) of direct wages and salaries for employees in construction related roles were estimated to be non-productive and were

*5.* **Inventories** *(continued)*

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.

All active sites on which construction has commenced are profitable and due to the forecasting process by which cost of sales is determined as referred to above, the Directors therefore concluded that the net realisable value of active sites was greater than their carrying amount at 30 June 2023 and hence those sites were not impaired.

All sites on which construction has not yet commenced were also assessed for impairment at 30 June 2023. This assessment was based on the current development plan for the site, reflecting the number and mix of units expected to be built. For each of these sites, the forecast revenue based on current market prices was greater than the sum of the site cost and the estimated construction costs. The Directors therefore concluded that the net realisable value of sites on which construction has not yet commenced was greater than their carrying amount at 30 June 2023 and hence those sites were not impaired.

## 6. Trade and other receivables

| | **30 June 2023** | **31 December 2022** |
|---|---|---|
| | **€'000** | **€'000** |
| Trade receivables | 5,433 | 3,517 |
| Prepayments | 844 | 1,015 |
| Construction bonds | 14,990 | 14,654 |
| Other receivables | 1,108 | 1,261 |
| Deposits | 2,250 | - |
| | **24,625** | **20,447** |

The carrying value of all trade and other receivables is approximate to their fair value. 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 €11.5 million (2022: €9.6 million) of the construction bond balance at 30 June 2023 will be recovered after more than 12 months from that date. The Group had deposits of €2.25 million at 30 June 2023 which related to the future acquisition of development land.

## 7. Cash and cash equivalents

| | 30 June 2023 €'000 | 31 December 2022 €'000 |
|---|---|---|
| **Current** | | |
| Cash and cash equivalents | **82,511** | **21,711** |

All deposits can be withdrawn without any 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 premium

| | 30 June 2023 Number | 30 June 2023 €'000 | 31 December 2022 Number | 31 December 2022 €'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 30 June 2023** | **Number** | **Share Capital €'000** | **Share Premium €'000** | **Total €'000** |
|---|---|---|---|---|
| **Issued and fully paid** | | | | |
| Ordinary shares of €0.001 each | 671,829,253 | 672 | 200,598 | 201,270 |
| Founder shares of €0.001 each | 19,182,149 | 19 | 19 | 38 |
| Deferred shares of €0.001 each | 19,980,000 | 20 | - | 20 |
| | | **711** | **200,617** | **201,328** |

| **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 |
| **Issued and fully paid** | | **725** | **199,616** | **200,341** |

**8. Share capital and share premium** *(continued)*

**Share buyback programme**
On 03 March 2023, the Company commenced a new €40 million share buyback programme. As at 30 June 2023, the total cost of shares repurchased under this buyback programme was €22.3 million. In accordance with the share buyback programme, all repurchased shares are subsequently cancelled. 20,981,187 repurchased shares were cancelled in the period ended 30 June 2023.

| Other undenominated capital | 30 June 2023<br>€'000 | 31 December 2022<br>€'000 |
|---|---|---|
| At 1 January | 105 | 40 |
| Nominal value of own shares purchased | 21 | 65 |
| At end of period/ year | **126** | **105** |

**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 13,870,797 shares made to employees remain outstanding as at 30 June 2023 (31 December 2022: 15,776,346). The shares will vest on satisfaction of service and performance conditions attaching to the LTIP over a 3 year period. During the period ended 30 June 2023 the Company issued 5,331,233 of ordinary shares in relation to the vesting of the 2020 LTIP. €4.11 million was transferred from the share-based payments reserve to retained earnings relating to the 2020 vesting.

The 2021, 2022 and 2023 LTIP awards are subject to both financial and non-financial metrics. 80% of the 2021 and 60% of the 2022 and 2023 awards will vest subject to the achievement of cumulative EPS targets over the three year performance period from 2021 to 2023, 2022 to 2024 and 2023 to 2025 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 and 2023 awards will vest subject to the achievement of an ROE 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 of €2.548 million related to the LTIP during the period ended 30 June 2023 (period ended 30 June 2022: €2.673 million charge), of which €1.892 million was charged to administrative expenses in profit and loss (period ended 30 June 2022: €1.906 million charge) and €0.656 million was charged to construction work in progress within inventories (period ended 30 June 2022: €0.767 million charge). Conditional awards of 3,675,712 shares were made to employees under the LTIP in the period ended 30 June 2023.

**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. During the period ended 30 June 2023 the Group settled dividend equivalents in cash of €0.459 million and this amount was deducted from the share-based payment reserve.

The Group recognised a charge related to dividend equivalents units during the period ended 30 June 2023 of €0.424 million (30 June 2022: €0.445 million) of which €0.312 million (30 June 2022: €0.313 million) was charged to administrative expenses in profit or loss and a charge of €0.112 million (30 June 2022: €0.132 million) was included in construction work in progress within inventories.

**Restricted share unit plan**
The Group operated a restricted share unit plan, which was approved at the Annual General Meeting on 20 May 2020, under which no remaining conditional awards were made to employees in the six months ended 30 June 2023 (30 June 2022: nil). The Group did not recognise a charge relating to these restricted share units during the period ended 30 June 2023 as the restricted share unit plan is no longer in place (30 June 2022: €0.648 million).

**8. Share capital and share premium** *(continued)*

**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 period ended 30 June 2023 of €0.095 million (30 June 2022: €0.143 million) of which €0.036 million (30 June 2022: €0.052 million) was charged to profit or loss and €0.059 million (30 June 2022: €0.091 million) was included in construction work in progress within inventories. During the period ended 30 June 2023, the Company issued 1,701,755 ordinary shares in relation to the vesting of the 2020 option scheme, and €0.726 million was transferred from the share-based payments reserve to retained earnings relating to the 2020 vesting.

**9. Loans and borrowings**

| | 30 June 2023<br>€'000 | 31 December 2022<br>€'000 |
|---|---|---|
| **Non-current liabilities** | | |
| **Bank and other loans** | | |
| Repayable as follows: | | |
| Between one and two years | 14,992 | 14,992 |
| Between two and five years | 296,167 | 155,999 |
| Greater than five years | - | - |
| **Total loans and borrowings** | **311,159** | **170,991** |

As at 30 June 2023, the Group has a €277.5 million syndicate facility comprising a Sustainability Linked term loan (€77.5 million) and revolving credit facility (€200 million) with Allied Irish Banks, Bank of Ireland and Barclays Bank Ireland, maturing in June 2027.

Additionally, the Group has €72.5 million of 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).

All debt facilities are secured by a debenture incorporating fixed and floating charges and assignments over all of the assets of the Group. The carrying value of inventories as at 30 June 2023 pledged as security was €1,015.8 million (31 December 2022: €967.3 million). The Group had undrawn revolving credit facilities of €37.5 million as at 30 June 2023 (€177.5 million as at 31 December 2022). The amount presented in the financial statements is net of related unamortised arrangement fees and transaction costs.

### 10. Property, Plant and Equipment

| | Leasehold Improvements €'000 | Motor Vehicles €'000 | Computers, Plant and Equipment €'000 | 30 June 2023 Total €'000 |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 January | 2,860 | 77 | 6,792 | 9,729 |
| Additions in the period | 43 | - | 972 | 1,015 |
| At end of period | **2,903** | **77** | **7,764** | **10,744** |
| **Accumulated depreciation** | | | | |
| At 1 January | (567) | (68) | (3,305) | (3,940) |
| Depreciation for the period | (131) | (7) | (516) | (654) |
| At end of period | **(698)** | **(75)** | **(3,821)** | **(4,594)** |
| **Net book value** | | | | |
| At end of period | **2,205** | **2** | **3,943** | **6,150** |

In the period ended 30 June 2023, the Group had additions of €1.0 million (year ended 31 December 2022: €5.6 million). The main additions during the period related to equipment purchases for construction sites.

| | Leasehold Improvements €'000 | Motor Vehicles €'000 | Computers, Plant and Equipment €'000 | 31 December 2022 Total €'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** |

**11. Leases**

The Group leases its central support office property and certain motor vehicles.

The lease liabilities and related right-of-use assets were determined by discounting the lease payments over the expected term of the leases at a discount rate of 2.6% reflecting the Group's incremental borrowing rate at inception of the leases. There were no additions to leases in the period to 30 June 2023.

**Right of Use Assets**

| | **Period ended 30 June 2023 €'000** | **Year ended 31 December 2022 €'000** |
|---|---|---|
| **Cost** | | |
| At 1 January | 8,190 | 1,615 |
| Additions in the period/year | - | 6,575 |
| At end of period/year | 8,190 | 8,190 |
| **Accumulated depreciation** | | |
| At 1 January | (2,187) | (1,125) |
| Depreciation in the period/year | (403) | (1,062) |
| At end of period/year | (2,590) | (2,187) |
| **Net book value** | | |
| At end of period/year | **5,600** | **6,003** |

**Lease Liabilities**

| | **Period ended 30 June 2023 €'000** | **Year ended 31 December 2022 €'000** |
|---|---|---|
| **Current Liabilities** | | |
| **Lease liabilities** | | |
| Repayable within one year | 822 | 761 |
| **Non-Current Liabilities** | | |
| **Lease liabilities** | | |
| Repayable as follows: | | |
| Between one and two years | 810 | 806 |
| Between two and five years | 2,152 | 2,194 |
| Greater than five years | 2,672 | 3,036 |
| | 5,634 | 6,036 |
| Total lease liabilities | **6,456** | **6,797** |

The movements in total lease liabilities were as follows:

| | **Period ended 30 June 2023 €'000** | **Year ended 31 December 2022 €'000** |
|---|---|---|
| At 1 January | 6,797 | 632 |
| Additions in the period/ year | - | 6,575 |
| Interest on lease liabilities | 91 | 193 |
| Lease payments | (432) | (603) |
| At end of period/ year | **6,456** | **6,797** |

**11. Leases** *(continued)*

**Contractual Cash flows**
The remaining undiscounted contractual cashflows for leases at 30 June 2023 were as follows:

| As at 30 June 2023 | Total €'000 | 6 months or less €'000 | 6-12 months €000 | 1-2 years €'000 | 2-5 years €'000 | 5 years+ €'000 |
|---|---|---|---|---|---|---|
| Lease liability | (7,251) | (517) | (482) | (957) | (2,463) | (2,832) |

| 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) |

**12. Intangible assets**

**Software**

| | Period ended 30 June 2023 €'000 | Year ended 31 December 2022 €'000 |
|---|---|---|
| **Cost** | | |
| At 1 January | 4,282 | 2,199 |
| Additions in the period/year | 1,125 | 2,083 |
| At end of the period/year | 5,407 | 4,282 |
| **Accumulated amortisation** | | |
| At 1 January | (1,239) | (765) |
| Amortisation for the period/year | (411) | (474) |
| At end of period/year | (1,650) | (1,239) |
| **Net book value** | | |
| At end of period/year | **3,757** | **3,043** |

**13. Derivatives and cashflow hedge reserve**

**Non-Current Investments**

| | 30 June 2023 €'000 | 31 December 2022 €'000 |
|---|---|---|
| **Derivative Financial Instruments** | | |
| Interest rate swaps - cash flow hedges | **855** | **847** |

**Derivative Financial Instruments**
The Group entered into an interest rate swap ("swap") during 2022 in respect of €18,750,000 of its Sustainability Linked syndicate term loan facility. The interest rate swap has a fixed interest rate of 1.346% and a variable interest rate of three-month Euribor. The fair value of the swap as at 30 June 2023 was €854,819. Changes in the fair value of derivative hedging instruments designated as cash flow hedges are recognised in other comprehensive income and 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 during the six months to 30 June 2023. Amounts accounted for in the cash flow hedge reserve in respect of the swap during the six months to 30 June 2023 have been set out in the Consolidated Statement of Changes in Equity on page 13.

**13. Derivatives and cashflow hedge reserve** *(continued)*

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

**Cashflow hedge reserve**
The cashflow hedge 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**

| | **30 June 2023 €'000** | **31 December 2022 €'000** |
|---|---|---|
| Trade payables | 36,597 | 17,956 |
| Deferred consideration | 1,500 | 10,000 |
| Accruals | 41,569 | 43,321 |
| VAT liability | 9,100 | 19,721 |
| Other creditors | 1,048 | 1,427 |
| | **89,814** | **92,425** |

Deferred consideration relates to development land purchased in December 2021 and was since agreed as payable in 2023.

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 period ended 30 June 2023 is based on the earnings attributable to ordinary shareholders of €20.7 million and the weighted average number of ordinary shares outstanding for the period.

| | **For six month period ended 30 June 2023** | **For six month period ended 30 June 2022** |
|---|---|---|
| Profit attributable to owners of the Company (€'000) | 20,704 | 27,062 |
| **Numerator for basic and diluted earnings per share** | **20,704** | **27,062** |
| | | |
| Weighted average number of ordinary shares for period (basic) | 681,853,549 | 719,288,034 |
| Dilutive effect of LTIP awards (note 8) | 2,921,159 | 2,332,373 |
| Dilutive effect of restricted share unit awards and options (note 8) | 13,145 | 71,551 |
| **Denominator for diluted earnings per share** | 684,787,853 | 721,691,958 |
| | | |
| **Earnings per share** | | |
| - Basic | 3.0 cent | 3.8 cent |
| - Diluted | 3.0 cent | 3.7 cent |

**16. Dividends**

A final 2022 dividend of 3.1 cent per ordinary share, totalling €21.2 million, was paid on 16 May 2023.

On 6 September 2023 the Board approved an interim dividend of 3.1 cent per ordinary share. This interim dividend will be paid on 6 October 2023 to shareholders on the register on the record date of 15 September 2023. Based on the ordinary shares in issue at 6 September 2023, the amount of dividends proposed is €20.8 million.

**17. Related party transactions**

There were no related party transactions during the period ended 30 June 2023 other than directors' remuneration.

**18. Financial risk management**

The Group has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Group's exposure to each of the above risks, and the Group's objectives, policies and processes for measuring and managing risk.

**(a) Risk management framework**
The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Identifying, understanding and managing risk is fundamental to the delivery of our strategy, our financial performance, and the effectiveness of our business operations. We continue to improve and refine our risk management controls, ensuring they are fully integrated into our activities, from the Board and Executive to site development, whilst informing business improvement plans and our ongoing strategy.

**(b) Credit risk**
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and other receivables and cash and cash equivalents. The carrying amount of financial assets represents the maximum credit exposure.

*Exposure to credit risk*
Group management in conjunction with the Board manage risk associated with cash and short-term deposits by depositing funds with a number of Irish financial institutions and AAA rated international institutions. As at 30 June 2023, the Group's cash and cash equivalents were held in two Irish financial institutions with a minimum credit rating of BBB+.

Trade and other receivables (excluding prepayments and deposits) of €21.5 million at 30 June 2023 were not past due. The trade and other receivables have been reviewed and considering the nature of the counterparties which are real estate institutional investors and public sector bodies, no credit losses are expected.

The maximum amount of credit exposure is therefore:

| | 30 June 2023<br>€'000 | 31 Dec 2022<br>€'000 |
|---|---|---|
| **Carrying amount – amortised cost** | | |
| Trade and other receivables (excluding prepayments and deposits) | 21,531 | 19,432 |
| Cash and cash equivalents | 82,511 | 21,711 |
| | **104,042** | **41,143** |

Expected credit losses in relation to all financial assets are immaterial.

**18. Financial risk management** *(continued)*

**(c) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors the level of expected cash inflows from residential property sales, site sales, income from rental properties, and other receivables together with expected cash outflows on trade and other payables and commitments. All trade and other payables (€89.8 million) at 30 June 2023 are considered current with the expected cash outflow equivalent to their carrying value.

Management monitors the adequacy of the Group's liquidity reserves (comprising cash and cash equivalents as detailed in note 7 and undrawn loan facilities as detailed in note 9) against rolling cash flow forecasts. In addition, the Group's liquidity risk management policy involves regularly monitoring short-term and long-term cash flow forecasts.

The Group has committed syndicate facilities totalling €277.5 million until June 2027, including a €200 million revolving credit facility to manage Group liquidity.

**(d) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**(i) Currency risk**

The Group is not exposed to significant currency risk. The Group operates solely in the Republic of Ireland.

**(ii) Interest rate risk**

At 30 June 2023, the Group had the following facilities:

(a) €277.5 million syndicate term loan and revolving credit facilities with Allied Irish Bank, Bank of Ireland and Barclays Bank Ireland, all committed until June 2027, that had principal drawn balances of €77.5 million (term loan) (31 December 2022: €77.5 million) and €162.5 million (revolving credit facility) (31 December 2022: €22.5 million) at a variable interest rate of three-month Euribor plus a margin of 2.45%. The Group has an exposure to cash flow interest rate risk where there are changes in Euribor rates.
€58.75 million of the syndicate term loan facility (31 December 2022: €58.75 million) has a three-year fixed interest rate until 30 June 2025 plus a margin of 2.45%. The balance of €18.75 million (31 December 2022: €18.75 million) of the term loan has a variable interest rate of three-month Euribor plus a margin of 2.45%. The Group entered into a three year interest rate swap in July 2022 (note 13), maturing on 30 June 2025, in relation to the €18.75 million variable element of its term loan in order to manage its interest rate risk

(b) a €72.5 million private placement of loan notes with Pricoa Capital which have a fixed coupon of 3.36% to maturity.

**(e) Fair value of financial assets and financial liabilities**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

*Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities;

*Level 2:* valuation techniques for which the lowest level of inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

*Level 3:* valuation techniques for which the lowest level of inputs that have a significant effect on the recorded fair value are not based on observable market date.

**18. Financial risk management** *(continued)*

The following table shows the Group's financial assets and liabilities and the methods used to calculate fair value.

| Asset/ Liability | Carrying value | Level | Method | Assumptions |
|---|---|---|---|---|
| **Borrowings** | Amortised cost | 2 | Discounted cash flow | Valuation based on future repayment and interest cash flows discounted at a period end market interest rate. |
| **Interest rate swaps** | Fair Value | 2 | Discounted cash flow | Valuation based on the present value of estimated future cash flows based on observable yield curves. |

The following table shows the carrying values of financial assets and liabilities including their values in the fair value hierarchy. The table does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

**(e) Fair value of financial assets and financial liabilities**

| | 30 June 2023 | Fair Value | | |
|---|---|---|---|---|
| | Carrying Value | Level 1 | Level 2 | Level 3 |
| | €'000 | €'000 | €'000 | €'000 |
| **Financial assets measured at fair value** | | | | |
| Derivative interest rate swap | 855 | | 855 | |
| **Financial assets measured at amortised cost** | | | | |
| Trade and other receivables (excluding prepayments and deposits) | 21,531 | | | |
| Cash and cash equivalents | 82,511 | | | |
| | **104,042** | | | |
| **Financial liabilities measured at amortised cost** | | | | |
| Trade payables and accruals | 78,166 | | | |
| Deferred consideration | 1,500 | | | |
| Borrowings | 311,159 | | 301,931 | |
| | **390,825** | | | |

**18. Financial risk management** *(continued)*

| | 31 December 2022 Carrying Value €'000 | Fair Value Level 1 €'000 | Level 2 €'000 | Level 3 €'000 |
|---|---|---|---|---|
| **Financial assets measured at fair value** | | | | |
| Derivative interest rate swap | 847 | | 847 | |
| **Financial assets measured at amortised cost** | | | | |
| Trade and other receivables (excluding prepayments) | 19,432 | | | |
| Cash and cash equivalents | 21,711 | | | |
| | **41,143** | | | |
| **Financial liabilities measured at amortised cost** | | | | |
| Trade payables and accruals | 61,277 | | | |
| Deferred consideration | 10,000 | | | |
| Borrowings | 170,991 | | 162,499 | |
| | **242,268** | | | |

**19. Other commitments and contingent liabilities**

As at 30 June 2023 Cairn Homes Properties Limited had committed to sell c. 1,695 new homes for c. €583 million (ex. VAT).

As at 30 June 2023, the Group had a contingent liability in respect of construction bonds in the amount of €3.8 million (31 December 2022 €4.2 million).

The Group is not aware of any other commitments or contingent liabilities that should be disclosed in these interim financial statements.

**20. Events after the reporting period**

From 1 July 2023 to 6 September 2023 the Group has repurchased an additional 2.4 million shares under the share buyback programme (note 8) at a cost of €2.6 million. In accordance with the share buyback programme, all repurchased shares are subsequently cancelled.

On 31 August 2023 shareholders approved the adoption and implementation of an additional LTIP to deliver certain bespoke awards of shares to the Company's Chief Executive Officer ("CEO"), Mr. Michael Stanley (the "Stretch CEO LTIP"). The Award will be structured in two tranches, with an equal amount of ordinary shares in the capital of the Company granted to the CEO in each of 2023 and 2024. The 2023 Award will be subject to a three-year performance period (2023-2025) and the 2024 Award will be subject to a four year performance period (2023-2026), both from the baseline year of 2022 and subject to the achievement of certain performance conditions linked to profit after tax and return on equity weighted 75% and 25% respectively. The 2023 Award will be granted in 2023, at a value of €3.5 million, with the number of shares determined by the closing share price on the evening preceding the grant date. The number of shares to be granted under the 2024 Award, to be granted in FY2024, will be identical to the first award, creating a further incentive linked to the creation of shareholder value.

On 6 September 2023 the Board approved an interim dividend of 3.1 cent per ordinary share. This interim dividend will be paid on 6 October 2023 to shareholders on the register on the record date of 15 September 2023. Based on the ordinary shares in issue at 6 September 2023, the amount of the interim dividend proposed is €20.8 million.

**21. Approval of financial statements**

These interim financial statements were approved by the Board on 6 September 2023.

## Independent Review Report to Cairn Homes plc

**Independent Review Report to Cairn Homes plc ("the Entity")**

**Conclusion**

We have been engaged by the Entity to review the Entity's condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2023 which comprises the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2023 is not prepared, in all material respects, in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") as adopted by the EU and the Transparency (Directive 2004/109/EC) Regulations 2007 ("Transparency Directive"), and the Central Bank (Investment Market Conduct) Rules 2019 ("Transparency Rules of the Central Bank of Ireland).

**Basis for conclusion**

We conducted our review in accordance with International Standard on Review Engagements (Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* ("ISRE (Ireland) 2410") issued for use in Ireland. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We read the other information contained in the half-yearly financial report to identify material inconsistencies with the information in the condensed set of consolidated financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the review. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Conclusions relating to going concern**

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention that causes us to believe that the directors have inappropriately adopted the going concern basis of accounting, or that the directors have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (Ireland) 2410. However, future events or conditions may cause the Entity to cease to continue as a going concern, and the above conclusions are not a guarantee that the Entity will continue in operation.

**Directors' responsibilities**

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Transparency Directive and the Transparency Rules of the Central Bank of Ireland.

The directors are responsible for preparing the condensed set of consolidated financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

As disclosed in note 1 the annual financial statements of the Entity for the year ended 31 December 2022 are prepared in accordance with International Financial Reporting Standards as adopted by the EU.

In preparing the condensed set of consolidated financial statements, the directors are responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

**Our responsibility**

Our responsibility is to express to the Entity a conclusion on the condensed set of consolidated financial statements in the half-yearly financial report based on our review.

Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.

**The purpose of our review work and to whom we owe our responsibilities**

This report is made solely to the Entity in accordance with the terms of our engagement to assist the Entity in meeting the requirements of the Transparency Directive and the Transparency Rules of the Central Bank of Ireland. Our review has been undertaken so that we might state to the Entity those matters we are required to state to it in this 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 Entity for our review work, for this report, or for the conclusions we have reached.

KPMG
*Chartered Accountants*
1 Stokes Place
St. Stephen's Green
Dublin 2

6 September 2023

## CAIRN HOMES PLC
## COMPANY INFORMATION

**Directors**
John Reynolds (Non-Executive Chairman)
Michael Stanley (Chief Executive Officer)
Shane Doherty (Chief Financial Officer)
Julie Sinnamon (Non-Executive)
Gary Britton (Non-Executive)
Giles Davies (Non-Executive)
Linda Hickey (Non-Executive)
Alan McIntosh (Non-Executive)
Orla O'Gorman (Non-Executive)

**Secretary and Registered Office**
Tara Grimley
45 Mespil Road
Dublin 4

**Registrars**
Computershare Investor Services (Ireland) Limited
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Citywest Business Campus
Dublin 24

**Auditors**
KPMG
Chartered Accountants
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St. Stephen's Green
Dublin 2

**Website**
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**Solicitors**
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Beauchamps
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Dublin 2

Dillon Eustace
33 Sir John Rogerson's Quay
Grand Canal Dock
Dublin 2

**Principal Bankers/Lenders**
Allied Irish Banks plc
10 Molesworth St
Dublin 2

Bank Of Ireland plc
Baggot Plaza
27-33 Upper Baggot St
Dublin 4

Barclays Bank Ireland plc
One Molesworth Street
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