

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLENVEAGH PROPERTIES PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Glenveagh Properties plc ('the Company') and its consolidated undertakings ('the Group') for the year ended December 31, 2022, contained within the reporting package 635400QUQ2YYGMOAK834-2021-12-31-en.zip, which comprise the Consolidated statement of profit or loss and other comprehensive income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows and related notes, including the summary of significant accounting policies set out in Note 1.

The financial reporting framework that has been applied in their preparation is Irish Law, including the Commission Delegated Regulation 2019/815 regarding the single electronic reporting format (ESEF) and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2014.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Group and Company as at December 31, 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union, as applied in accordance with the provisions of the Companies Act 2014; and
- the Group and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities section of our report. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit Committee.

We were appointed as auditor by the Directors on August 21, 2017. The period of total uninterrupted engagement is the 6 years ended December 31, 2022. We have fulfilled our ethical responsibilities under, and we remained independent of the Group in accordance with, ethical requirements applicable in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA) as applied to public interest entities. No non-audit services prohibited by that standard were provided.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the director's assessment of the Group's and Company's ability to continue to adopt the going concern basis of accounting included:

The risk that we considered most likely to adversely affect the Group's and Company's available financial resources over this period was the impact of construction cost inflation and/or a reduction in the volume of units sold.

As this was the risk that could potentially cast significant doubt on the Group's and the Company's ability to continue as a going concern, we considered sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively and evaluated the achievability of the actions the Directors consider they would take to improve the position should the risks materialise.

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

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

In relation to the Group and the Company's reporting on how they have applied the UK Corporate Governance Code and the Irish Corporate Governance Annex, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Detecting irregularities including fraud

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the Directors. In addition, our risk assessment procedures included:

- Inquiring with the Directors as to the Group's policies and procedures regarding compliance with laws and regulations, identifying, evaluating and accounting for litigation and claims, as well as whether they have knowledge of non-compliance or instances of litigation or claims.
- Inquiring of Directors, the Audit Committee and internal audit as to the Group's policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Inquiring of Directors, the Audit Committee and internal audit regarding their assessment of the risk that the financial statements may be materially misstated due to irregularities, including fraud.
- Inspecting the Group's regulatory and legal correspondence.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets including the EPS target for management remuneration.
- Performing planning analytical procedures to identify any usual or unexpected relationships.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team.

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF GLENVEAGH PROPERTIES PLC

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including companies and financial reporting legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, environmental law, regulatory capital and liquidity and certain aspects of company legislation recognising the financial and regulated nature of the Group's activities and its legal form.

Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the Directors and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition. We identified a fraud risk in relation to the Group revenue. We did not identify any additional fraud risks.

In response to the fraud risks, we also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation.
- Assessing significant accounting estimates for bias
- Assessing the disclosures in the financial statements

As the Group is regulated, our assessment of risks involved obtaining an understanding of the legal and regulatory framework that the Group operates and gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In arriving at our audit opinion above, the key audit matter identified, was as follows (unchanged from 2021):

Carrying value of inventory €685.8 million (2021: €767.2 million) and profit recognition

Refer to, page 124 (accounting policy for inventories) page 123 (accounting policy for expenditure) and page 136 (financial disclosures – inventories).

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF GLENVEAGH PROPERTIES PLC

The key audit matter	How the matter was addressed in our audit
<p>Inventories, relating to work-in-progress on sites under development and land yet to be developed, represent a significant asset of the Group.</p> <p>Work-in-progress comprises of the costs of the land being built on, direct materials and direct labour costs that have been incurred in bringing the inventories to their present location and condition.</p> <p>Work-in-progress per site is stated at the lower of cost and net realisable value ('NRV'), NRV being the estimated net selling price less costs to sell and management's estimated total costs of completion. The forecasting of selling prices and costs to complete is inherently judgemental and may be subject to estimation error.</p> <p>For each development project, site-wide residential development costs are allocated between units built in the current period and units to be built in future years, which requires further judgement.</p> <p>The Group recognises profit on each unit sale by reference to the overall expected margin to be achieved on the site.</p> <p>There is a risk that the assumptions of such forecasts and estimations may be inaccurate with a resulting impact on the carrying value of inventory or the amount of profit recognised.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> - We obtained and documented our understanding of the process to determine the NRV of the Group's work-in-progress and tested the design and implementation of the key controls therein. - For all new land acquisitions, we inspected purchase contracts and agreed the costs of acquisition including related purchase costs. - We agreed a sample of costs incurred and included in inventory in the year such as direct materials and direct labour costs to supporting documentary evidence, which included checking that they were allocated to the appropriate site. - We inspected the Group's NRV reports on a sample basis and challenged the key inputs and assumptions in the following ways: <ul style="list-style-type: none"> - We agreed a sample of forecast costs to purchase contracts, supplier agreements or tenders and other relevant documentation. - We compared the forecast sales prices against recent prices achieved for similar properties and properties that were reserved/contracted to support the validity of the estimated sales price in the forecast. - We enquired as to whether there were any site-specific factors which may indicate that an individual site could be impaired. - We evaluated the sensitivity of the certain forecast development margin to a change in sales prices and costs and considered whether this indicated a risk of impairment of the inventory balance. - For sites in development, we compared actual unit sales and costs incurred to NRV estimates to assess that NRV estimates were updated and that the overall expected site margin was adjusted accordingly. - For completed sales, we tested the accuracy of the release from inventory to cost of sales recorded in the general ledger for consistency with the NRV reports for the relevant sites. - We considered the adequacy of the Group's disclosures regarding the carrying value of inventory. <p>We found that the profit margins recognised on completed sales during the year accurately reflected the attributable costs of the units sold.</p> <p>We found that the key assumptions used in the calculations of NRV were within a reasonable range and supported the carrying value of inventory as at 31 December 2022, and the related disclosures in respect of work-in-progress to be appropriate.</p>

Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at €3.3 million determined with reference to total revenue for the Group of which it represents 0.5%, which we consider to be one of the principal considerations for members of the Group in assessing its financial performance for the year. We have used the revenue benchmark in the current year because the group is entering into a mature stage and the importance placed on this metric by the users of the financial statements. In 2021, materiality for the Group financial statements was set at €4.8 million with reference to total assets of which it represented 0.5%. Performance materiality for the Group financial statements as a whole was set at €2.5 million (2021: €3.6 million). We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. In applying our judgement in determining performance materiality, we considered a number of factors including; the low number and value of misstatements detected and the low number and severity of deficiencies in control activities identified in the prior year financial statement audit.

We reported to the Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding €0.2 million (2021: €0.2 million) in addition to other identified misstatements that warranted reporting on qualitative grounds.

Materiality for the Company financial statements as a whole was set at €3.0 million (2021: €3.7 million). This was determined with reference to a 0.5% benchmark of total assets (2021: 0.5% of total assets). Performance materiality for the Company financial statements as a whole was set at €2.3 (2021: €2.8 million). We reported to the Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding €0.1 million (2021 €0.1 million).

We subjected all of the Group's reporting components to audits for group reporting purposes. The work on all components was performed by the Group audit team.

We used materiality to assist us to determine what risks were significant risks and to determine the audit procedures to be performed including those discussed above.

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF GLENVEAGH PROPERTIES PLC

Other information

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the Directors' Report, Chairman's Letter, CEO's Review, CFO's Review, Strategic Report, Risk Management Report, Sustainability Accounting Standards Board disclosures, Corporate Governance Statement, Audit and Risk Committee Report, Remuneration Committee Report, Nomination Committee Report and Environmental and Social Responsibility Committee Report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information undertaken during the course of the audit, we report that, in those parts of the Director's report specified for our consideration:

- we have not identified material misstatements in the Directors' report;
- in our opinion, the information given in the Directors' report is consistent with the financial statements;
- in our opinion, the Directors' report has been prepared in accordance with the Companies Act 2014.

Corporate governance statement

We have reviewed the Directors' statement in relation to going concern, longer-term viability, that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code and the Irish Corporate Governance Annex.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified;
- Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate;
- Director's statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities;
- Directors' statement on fair, balanced and understandable and the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks and the disclosures in the annual report that describe the principal risks and the procedures in place to identify emerging risks and explain how they are being managed or mitigated;
- Section of the annual report that describes the review of effectiveness of risk management and internal control systems; and;
- Section describing the work of the Audit Committee.

The Listing Rules of Euronext Dublin also requires us to review certain elements of disclosures in the report to shareholders by the Board of Directors' Remuneration Committee.

We have nothing to report in this regard.

In addition as required by the Companies Act 2014, we report, in relation to information given in the Corporate Governance Statement on pages 70 to 81, that:

- based on the work undertaken for our audit, in our opinion, the description of the main features of internal control and risk management systems in relation to the financial reporting process and information relating to voting rights and other matters required by the European Communities (Takeover Bids (Directive 2004/EC) Regulations 2006 and specified for our consideration, is consistent with the financial statements and has been prepared in accordance with the Act;
- based on our knowledge and understanding of the Company and its environment obtained in the course of our audit, we have not identified any material misstatements in that information; and
- the Corporate Governance Statement contains the information required by the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017.

We also report that, based on work undertaken for our audit, the information required by the Act is contained in the Corporate Governance Statement.

Our opinions on other matters prescribed by the Companies Act 2014 are unmodified

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

We have nothing to report on other matters on which we are required to report by exception

The Companies Act 2014 requires us to report to you if, in our opinion:

- the disclosures of Directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made;
- the Company has not provided the information required by Section 1110N in relation to its remuneration report for the financial year December 31, 2021.
- the Company has not provided the information required by section 5(2) to (7) of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 for the year ended 31 December 2021 as required by the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) (amendment) Regulations 2018.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF GLENVEAGH PROPERTIES PLC

Respective responsibilities and restrictions on use

Responsibilities of Directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 109, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and 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 they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

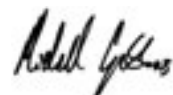
Auditor's responsibilities for the audit of the financial statements

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

A fuller description of our responsibilities is provided on IAASA's website at <https://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financial-statements/>.

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

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Gibbons

28 February 2023

for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Stokes Place
St. Stephen's Green
Dublin 2
D02 DE03

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 €'000	2021 €'000
Revenue	10	644,706	476,807
Cost of sales		(536,655)	(397,969)
Impairment reversal	19	–	4,219
Gross profit		108,051	83,057
Administrative expenses		(37,956)	(32,490)
Operating profit		70,095	50,567
Finance expense	11	(7,094)	(4,845)
Profit before tax	12	63,001	45,722
Income tax	16	(10,434)	(8,020)
Profit after tax attributable to the owners of the Company		52,567	37,702
Other comprehensive income		–	–
Total comprehensive profit for the year attributable of the owners of the Company		52,567	37,702
Basic earnings per share (cents)	15	7.6	4.5
Diluted earnings per share (cents)	15	7.6	4.5

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2022

	Note	2022 €'000	As restated ¹ 2021 €'000
Assets			
Non-current assets			
Goodwill	18	5,697	–
Property, plant and equipment	17	51,750	27,230
Intangible assets	18	1,770	1,214
Deferred tax asset	16	619	403
		59,836	28,847
Current assets			
Inventory	19	685,751	767,194
Trade and other receivables	20	58,671	32,380
Restricted cash	23	458	458
Cash and cash equivalents	27	71,085	141,176
		815,965	941,208
Total assets		875,801	970,055
Equity			
Share capital	26	719	952
Share premium	26	179,416	179,310
Undenominated capital	26	335	100
Retained earnings		465,680	558,468
Share-based payment reserve		46,968	45,251
Total equity		693,118	784,081
Liabilities			
Non-current liabilities			
Loans and borrowings	22	71,221	80,622
Lease liabilities	28	4,216	81
Trade and other payables	21	3,500	–
		78,937	80,703
Current liabilities			
Trade and other payables	21	93,234	57,488
Income tax payable		565	7,692
Loans and borrowings	22	9,419	39,625
Lease liabilities	28	528	466
		103,746	105,271
Total liabilities		182,683	185,974
Total liabilities and equity		875,801	970,055

Michael Rice

Director


Stephen Garvey

Director



28 February 2023

1. See Note 6(i)(a) for more information on the restatement.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Share Capital				Share premium €'000	Share-based payment reserve €'000	Retained earnings €'000	Total equity €'000
		Ordinary shares €'000	Founder shares €'000	Deferred shares €'000	Undenominated capital €'000				
Balance as at 1 January 2022		771	181	-	100	179,310	45,251	558,468	784,081
Total comprehensive profit for the year									
Income for the year		-	-	-	-	-	-	52,567	52,567
Other comprehensive income		-	-	-	-	-	-	-	-
		771	181	-	100	179,310	45,251	611,035	836,648
Transactions with owners of the Company									
Equity-settled share-based payments		-	-	-	-	-	1,717	-	1,717
Lapsed share options	14	-	-	-	-	-	-	-	-
Conversion of founder shares to deferred shares	26	-	(181)	181	-	-	-	-	-
Cancellation of deferred shares	26	-	-	(100)	100	-	-	-	-
Exercise of options		2	-	-	-	106	-	-	108
Purchase of own shares	26	(135)	-	-	135	-	-	(145,355)	(145,355)
		(133)	(181)	81	235	106	1,717	(145,355)	(143,530)
Balance as at 31 December 2022		638	-	81	335	179,416	46,968	465,680	693,118

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Share Capital			Share premium €'000	Share-based payment reserve €'000	Retained Earnings €'000	Total Equity €'000
		Ordinary shares €'000	Founder shares €'000	Undenominated capital €'000				
Balance as at 1 January 2021		871	181	–	179,281	44,129	629,044	853,506
Total comprehensive profit for the year								
Income for the year		–	–	–	–	–	37,702	37,702
Other comprehensive income		–	–	–	–	–	–	–
		871	181	–	179,281	44,129	666,746	891,208
Transactions with owners of the Company								
Equity-settled share-based payments		–	–	–	–	1,219	–	1,219
Lapsed share options	14	–	–	–	–	(97)	97	–
Exercise of options		–	–	–	29	–	–	29
Purchase of own shares	26	(100)	–	100	–	–	(108,375)	(108,375)
		(100)	–	100	29	1,122	(108,278)	(107,127)
Balance as at 31 December 2021		771	181	100	179,310	45,251	558,468	784,081

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 €'000	As restated ¹ 2021 €'000
Cash flows from operating activities			
Profit for the financial year		52,567	37,702
<i>Adjustments for:</i>			
Depreciation and amortisation		2,081	2,406
Impairment of inventories reversal	19	–	(4,219)
Finance costs	11	7,094	4,845
Equity-settled share-based payment expense	14	1,717	1,219
Tax expense	16	10,434	8,020
(Profit)/loss on disposal of property, plant and equipment	12	(1,501)	1,707
		72,392	51,680
<i>Changes in:</i>			
Inventories		83,360	59,418
Trade and other receivables		(26,290)	(17,796)
Trade and other payables		35,662	14,306
Cash from operating activities		165,124	107,608
Interest paid		(6,490)	(4,009)
Tax (paid)/refund		(17,778)	705
Net cash from operating activities		140,856	104,304
Cash flows from investing activities			
Acquisition of property, plant and equipment	17	(19,278)	(15,701)
Acquisition of intangible assets	18	(1,055)	(1,012)
Acquisition of subsidiary undertakings	25	(6,875)	–
Cash acquired on acquisition	25	847	–
Transfer from restricted cash	23	–	250
Proceeds from the sale of property, plant and equipment		2,036	5,099
Net cash used in investing activities		(24,325)	(11,364)
Cash flows from financing activities			
Proceeds from loans and borrowings	22	110,000	130,000
Repayment of loans and borrowings	22	(150,000)	(107,500)
Transaction costs related to loans and borrowings	22	–	(2,993)
Purchase of own shares	26	(146,260)	(107,466)
Proceeds from exercise of share options	26	108	29
Payment of lease liabilities	28	(470)	(1,110)
Net cash used in financing activities		(186,622)	(89,040)
Net (decrease)/increase in cash and cash equivalents		(70,091)	3,900
Cash and cash equivalents at the beginning of the year		141,176	137,276
Cash and cash equivalents at the end of the year		71,085	141,176

1. See Note 6(i)(a) for more information on the restatement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

1 Reporting entity

Glenveagh Properties PLC ('the Company') is domiciled in the Republic of Ireland. The Company's registered office is Block B, Maynooth Business Campus, Maynooth Co. Kildare. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as 'the Group') and cover the financial year ended 31 December 2022. The Group's principal activities are the construction and sale of houses and apartments for the private buyer, local authorities and the private rental sector.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union which comprise standards and interpretations approved by the International Accounting Standards Board (IASB), and those parts of the Companies Act 2014, including the Commission Delegated Regulation 2018/815 regarding the single electronic reporting format (ESEF), applicable to companies reporting under IFRS and Article 4 of the IAS regulation.

2 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union which comprise standards and interpretations approved by the International Accounting Standards Board (IASB), and those parts of the Companies Act 2014 applicable to companies reporting under IFRS and Article 4 of the IAS regulation.

3 Functional and presentation currency

These consolidated financial statements are presented in Euro which is the Company's functional currency. All amounts have been rounded to the nearest thousand unless otherwise indicated.

4 Use of judgements and estimates

The preparation of the Group's financial statements under International Financial Reporting Standards ('IFRS'), as adopted by the European Union, requires the Directors to make judgments and estimates that affect the application of policies and the reported amounts of assets, liabilities, income, expenses and related disclosures. Actual results may differ from these estimates.

Critical accounting judgements

Management applies the Group's accounting policies as described in Note 8 when making critical accounting judgements, of which no individual judgement is deemed to have a significant impact upon the financial statements.

Key sources of estimation uncertainty

The key source of significant estimation uncertainty impacting these financial statements involves assessing the carrying value of inventories as detailed below.

(a) Carrying value of work-in-progress, estimation of costs to complete and impact on profit recognition

The Group holds inventories stated at the lower of cost and net realisable value. Such inventories include land and development rights, work-in-progress and completed units. As residential development is largely speculative by nature, not all inventories are covered by forward sales contracts. Furthermore, due to the nature of the Group's activity and, in particular the scale of its developments and the length of the development cycle, the Group has to allocate site-wide development costs between units being built and/or completed in the current year and those for future years. It also has to forecast the costs to complete on such developments.

These estimates impact management's assessment of the net realisable value of the Group's inventory balance and also determine the extent of profit or loss that should be recognised in respect of each development in each reporting period.

In making such assessments and allocations, there is a degree of inherent estimation uncertainty. The Group has established internal controls designed to effectively assess and centrally review inventory carrying values and ensure the appropriateness of the estimates made. These assessments and allocations evolve over the life of the development in line with the risk profile, and accordingly, the margin recognised reflects these evolving assessments, particularly in relation to the Group's long-term developments. The impact of sustainability and other macroeconomic factors have been considered in the Group's assessment of the carrying value of its inventories at 31 December 2022, particularly with regard to the potential implications for future selling prices, development expenditure and construction programming. Management has considered a number of scenarios on each of its active developments and the consequential impact on future profitability based on current facts and circumstances together with any implications for future projects in undertaking its net realisable value calculations.

As part of the assessment, the Group has re-evaluated its most likely exit strategies on all developments in the context of the current market environment and reflected these in revenue assumptions within the forecast models. The results of this exercise determined that the net impairment charge or reversal required for the period was €Nil (2021: reversal of €4.2 million). Further detail is included in Note 19.

Management have performed a sensitivity analysis to assess the impact of a change in estimated costs for developments on which sales were recognised in the year. A 1%-4% increase in estimated costs recognised in the year, which is considered to be reasonably possible, would reduce the Group's gross margin by approximately 58-174bps (2021: 65bps).

5 Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, both for financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values and reports directly to the Chief Financial Officer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5 Measurement of fair values (continued)

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assess the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's Audit and Risk Committee.

Fair value is defined in IFRS 13, *Fair Value Measurement*, as 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. When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 14 Share-based payments arrangements; and
- Note 27 Financial instruments and financial risk management.

6 Changes in significant accounting policies

Amendments to standard IAS 37 Onerous Contracts – Cost of Fulfilling a Contract are effective from 1 January 2022 but they do not have a material effect on the Group's financial statements.

(i) New significant accounting policies

(a) Cash and cash equivalents

In April 2022, the IFRS Interpretations Committee issued an agenda decision clarifying the definition of cash and cash equivalents in the statement of cash flows stating that cash amounts that are only restricted by an obligation to a third party meet the definition of cash under IAS 7 Statement of Cash Flows. The title of the agenda decision is Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (IAS 7 Statement of Cash Flow).

Prior to this clarification, the Group had not treated cash in demand deposit accounts that were contractually restricted as cash and cash equivalents in the statement of cash flows and had instead classified these balances as non-current assets – restricted cash. The Group considered these cash balances to not be available to the Group and disaggregated these cash balances from the cash balances that are available to the Group.

In accordance with this clarification, the Group has made an accounting policy change as a result of the IFRIC decision and has presented cash and cash equivalents for the purpose of its cash flow including these restricted balances and has restated the prior period accordingly.

The change in accounting policy has resulted in a change to prior year numbers in 2021 in the statement of financial position and the statement of cash flows. The change in classification for the purpose of statement of cash flows did not impact the overall statement of financial position other than the transfer of €25.0 million restricted cash from non-current assets to cash and cash equivalents in current assets.

(b) Contingent consideration

Contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(c) Classification of liabilities as current or non-current (amendments to IAS 1)

The amendments, as issued in 2020, aim to clarify the requirements on determining whether a liability is current or non-current and apply for annual reporting periods beginning on or after 1

January 2023. However, the IASB has subsequently proposed further amendments to IAS 1 and the deferral of the effective date of the 2020 amendments to no earlier than 1 January 2024. Due to these ongoing developments, the Group is unable to determine the impact of these amendments on the consolidated financial statements in the period of initial application. The Group is closely monitoring the developments.

There have been no other changes to significant accounting policies during the financial year ended to 31 December 2022.

(ii) Other standards

The Group has not adopted the following new and amended standards early, and instead intends to apply them from their effective date as determined by the date of EU endorsement. The potential impact of these amendments to standards on the Group is under review:

- IAS 8 Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates and errors (amendment) (not yet effective)
- IAS 1 Presentation of financial statements: Amendments to IAS 1 presentation of financial statements and IFRS practice statement 2 making materiality judgements (amendment) (not yet effective)
- IFRS 16 Leases – COVID-19 related rent concessions beyond 30 June 2021 (amendment)
- Annual improvements to IFRS standards 2018-2020
- IAS 16 Property plant and equipment: Proceeds before intended use (amendment)
- IFRS 3 Business combinations: Reference to the Conceptual Framework (amendment)
- IFRS 17 Insurance contracts – amendments to IFRS 17 insurance contracts (amendment) (not yet effective)
- IAS 12 Income taxes – Deferred tax related to assets and liabilities arising from a single transaction (amendment) (not yet effective)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

7 Going concern

The Group has recorded a profit before tax of €63.0 million (2021: €45.7 million which included a non-cash impairment reversal of €4.2 million relating to the Group's inventory balance). The Group has an unrestricted cash balance of €46.1 million (31 December 2021: €116.2 million) exclusive of the minimum cash balance of €25.0 million which the Group is required to maintain under the terms of its debt facilities. The Group has committed undrawn funds available of €150.0 million (31 December 2021: €120.0 million).

Management has prepared a detailed cash flow forecast to assess the Group's ability to continue as a going concern for at least a period of twelve months from the signing of these financial statements. The preparation of this forecast considered the principal risks facing the Group, including those risks that could threaten the Group's business model, future performance, solvency or liquidity over the forecast period. These principal risks and uncertainties and the steps taken by the Group to mitigate them are detailed on page 60 to 66 of the Risk Management Report. The Group's business activities, together with the factors likely to affect its future development are outlined in our Strategic Report. Further disclosures regarding the Group's loans and borrowings are provided in Note 22.

The Group is forecasting compliance with all covenant requirements throughout the period of assessment under the current facilities including the interest cover covenant which is based on earnings before interest, tax, depreciation and amortisation (EBITDA) excluding any non-cash impairment charge or reversal. Other assumptions within the forecast include the Group's expected selling prices and sales strategies as well as its investment in work in progress which reflect updated development programmes.

Based on the forecasts modelled, the Directors have assessed the Group's going concern status for the foreseeable future. Having considered the Group's cash flow forecasts, the Directors are satisfied that the Group has the appropriate working capital management strategy, operational flexibility, and resources in place to continue in operational existence for the foreseeable future. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

8 Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise.

8.1 Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair

value each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Joint operations

Joint operations arise where the Group has joint control of an operation with other parties, in which the parties have direct rights to the assets and obligations of the operation. The Group accounts for its share of the jointly controlled assets and liabilities and income and expenditure on a line by line basis in the consolidated financial statements.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

8.2 Revenue

The Group develops and sells residential properties and non-core land in addition to developing land under development agreements with third parties.

(i) Housing and land sales

Revenue is recognised at the point in time when control over the property has been transferred to the customer, which occurs at legal completion.

(ii) Development revenue

Revenue arising on contracts under a development agreement which give the customer control over properties as they are constructed, and for which the Group has a right to payments for work performed, is recognised over time. Revenue and costs are recognised over time with reference to the stage of completion of the contract activity at the balance sheet date where the outcome of a contract can be estimated reliably. This is measured by surveys of work performed to date. Variations in contract work, claims and incentive payments are included to the extent that it is probable that they will result in revenue, and they are capable of being reliably measured. When land is transferred at the start of a contract, revenue is not recognised until control has been transferred to the customer which includes legal title being passed to them. Where the outcome of a contract cannot be estimated reliably, contract revenue where recoverability is probable is recognised to the extent of contract costs incurred. The costs associated with fulfilling a contract are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

8 Significant accounting policies (continued)

8.3 Expenditure

Expenditure recorded in inventory is expensed through cost of sales at the time of the related property sale. The amount of cost related to each property includes its share of the overall site costs. Expenditure related to revenue recognised over time is expensed through cost of sales on an inputs basis. Administration expense is recognised in respect of goods and services received when supplied in accordance with contractual terms.

8.4 Taxation

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Temporary differences in relation to a right of use asset and a lease liability for a specific lease are regarded as a net package (the lease) for the purposes of recognising deferred tax.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary difference when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

8.5 Share-based payment arrangements

The grant date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions or market conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

8.6 Exceptional items

Exceptional items are those that are separately disclosed by virtue of their nature or amount in order to highlight such items within the consolidated statement of profit or loss for the financial year. Group management exercises judgement in assessing each particular item which, by virtue of its scale or nature, should be highlighted as an exceptional item. Exceptional items are included within the profit or loss caption to which they relate.

During the financial year, there were no costs considered exceptional items.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

8 Significant accounting policies (continued)

8.7 Property, plant and equipment

Property, plant and equipment is carried at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided to write off the cost of the assets on a straight-line basis to their residual value over their estimated useful lives at the following annual rates:

– Buildings	2.5%
– Plant and machinery	14-20%
– Fixtures and fittings	20%
– Computer Equipment	33%

The assets' residual values, carrying values and useful lives are reviewed on an annual basis and adjusted if appropriate at each reporting date.

Where an impairment is identified, the recoverable amount of the asset is identified and an impairment loss, where appropriate, is recognised in the statement of profit or loss and other comprehensive income.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within administration expenses in the statement of profit or loss and other comprehensive income.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

8.8 Intangible assets

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Computer software is capitalised as intangible assets as acquired and amortised on a straight-line basis over its estimated useful life of 3 years, in line with the period over which economic benefit from the software is expected to be derived.

Licence costs are capitalised as intangible assets as acquired and amortised on a straight-line basis over their estimated useful life in line with the period over which economic benefit from the software is expected to be derived.

The assets' useful lives and residual values are reviewed and adjusted, if appropriate, at each reporting date.

8.9 Inventory

Inventory comprises property in the course of development, completed units, land and land development rights. Inventories are valued at the lower of cost and net realisable value. Direct cost comprises the cost of land, raw materials and development costs but excludes indirect overheads. Land purchased for development, including land in the course of development, is initially recorded at cost. Where such land is purchased on deferred settlement terms, and the cost differs from the amount that will subsequently be paid in settling the liability, this difference is charged as a finance cost in the statement of profit or loss and other comprehensive income over the period to settlement. A provision is made, where appropriate, to reduce the value of inventories and work-in-progress to their net realisable value.

8.10 Financial instruments

Financial assets and financial liabilities

Under IFRS 9, financial assets and financial liabilities are initially recognised at fair value and are subsequently measured based on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Group's designation of such instruments. The standards require that all financial assets and financial liabilities be classified as fair value through profit or loss ('FVTPL'), amortised cost, or fair value through other comprehensive income ('FVOCI').

Classification of financial instruments

The following summarises the classification and measurement the Group has elected to apply to each of its significant categories of financial instruments:

Type	IFRS 9 Classification
Financial assets	
Cash and cash equivalents	Amortised cost
Trade receivables	Amortised cost
Other receivables	Amortised cost
Amounts recoverable on construction contracts	Amortised cost
Restricted cash	Amortised cost
Deposits for sites	Amortised cost
Construction bonds	Amortised cost
Financial liabilities	
Lease liabilities	Amortised cost
Trade payables	Amortised cost
Inventory accruals	Amortised cost
Other accruals	Amortised cost
Loans and borrowings	Amortised cost
Contingent consideration	Fair value through profit or loss

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

8 Significant accounting policies (continued)

8.10 Financial instruments (continued)

Classification of financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents include cash, short-term investments with an original maturity of three months or less and minimum cash balances required under the terms of the debt facilities. Interest earned or accrued on these financial assets is included in finance income.

Trade and other receivables

Such receivables are included in current assets, except for those with maturities more than 12 months after the reporting date, which are classified as non-current assets. Loans and other receivables are included in trade and other receivables on the statement of financial position and are accounted for at amortised cost. These assets are subsequently measured at amortised cost. The amortised cost is reduced by impairment losses. The Group recognises impairment losses on an 'expected credit loss' model (ECL model) basis in line with the requirements of IFRS 9. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Amounts recoverable on construction contracts

Amounts recoverable on construction contracts includes recoverable revenue recognised over time with reference to the stage of completion arising on contracts under a development agreement which are receivable within 12 months of the reporting date.

Deposits for sites

Deposits for sites includes a percentage amount paid of the total purchase price for the acquisition of land intended for development.

Restricted cash

Restricted cash includes cash amounts which are classified as current assets and held in escrow until the completion of certain criteria.

Construction bonds

Construction bonds includes amounts receivable in relation to the completion of construction activities on sites. These assets are included in trade and other receivables on the consolidated balance sheets and are accounted for at amortised cost.

Financial liabilities

Such financial liabilities are recorded at amortised cost and include all liabilities.

Loans and borrowings

Loans and borrowings include debt facilities, interest accrued and borrowing costs classified as current and non-current liabilities.

Contingent consideration

Contingent consideration includes amounts payable if conditions pertaining to the business combination are satisfied.

8.11 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle that obligation, and the amount has been reliably estimated.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability, where the effect of discounting is considered significant. The unwinding of the discount is recognised as a finance cost.

8.12 Pensions

The Group operates a defined contribution scheme. The assets of the scheme are held separately from those of the Group in a separate fund. Obligations for contributions to defined contribution plans are expensed as the related service is provided.

8.13 Leases

At the inception of a contract, the Group assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component and non-lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and motor vehicles. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

8 Significant accounting policies (continued)

8.13 Leases (continued)

(i) As a lessee (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate with reference to its current financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'lease liability' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term lease. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

In certain instances the Group acts as a lessor in relation to certain property assets. These arrangements are not material to the Group's consolidated financial statements.

8.14 Share capital

(i) Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity (retained earnings).

(ii) Founder Shares

Founder Shares were initially issued as ordinary shares and subsequently re-designated as Founder Shares. Following re-designation, the instruments are accounted for as equity-settled share-based payments as set out at Note 8.5 above.

8.15 Finance income and costs

The Group's finance income and finance costs include:

- Interest income
- Interest expense

Interest income and expense is recognised using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

9 Segmental information

The Group has considered the requirements of IFRS 8 Operating Segments in the context of how the business is managed and resources are allocated.

The Group is organised into three key reportable segments, being Suburban, Urban and Partnerships. Internal reporting to the Chief Operating Decision Maker ('CODM') is provided on this basis. The CODM has been identified as the Executive Committee.

The Group currently operates solely in the Republic of Ireland and therefore no geographically segmented financial information is provided.

Suburban

The Suburban segment is focussed primarily on high quality housing (with some low rise apartments) with demand coming from private buyers and institutions. Our core Suburban product is affordable and located in well serviced communities predominantly in the Greater Dublin Area and Cork.

Urban

Urban's strategic focus is developing apartments to deliver to institutional investors. The apartments are located primarily in Dublin and Cork, but also on sites adjacent to significant rail transportation hubs. Urban's strategy is to deliver the product to institutional investors through a forward sale, or forward fund transaction providing longer term earnings visibility.

Partnerships

A Partnership will typically involve the Government, local authorities, or state agencies contributing their land on a reduced cost, or phased basis into a development agreement with Glenveagh. Approximately 50% of the product is delivered back to the government or local authority via social and affordable homes. This provides longer term access to both land and deliveries for the business and provides financial incentive by reducing risk from a sales perspective.

Segmental financial results

	2022 €'000	2021 €'000
<i>Revenue</i>		
Suburban	454,540	276,848
Urban	190,166	199,959
Partnerships	–	–
Revenue for reportable segments	644,706	476,807
<i>Operating profit/(loss)</i>		
Suburban	70,353	36,153
Urban	21,532	33,426
Partnerships	(1,565)	(1,050)
Operating profit for reportable segments	90,320	68,529
<i>Reconciliation to results for the financial year</i>		
Segment results – operating profit	90,320	68,529
Finance expense	(7,094)	(4,845)
Directors' remuneration	(3,402)	(2,576)
Corporate function payroll costs	(6,081)	(4,350)
Depreciation and amortisation	(2,081)	(2,406)
Professional fees	(4,992)	(3,451)
Share-based payment expense	(1,717)	(1,219)
Profit/(loss) on sale of property, plant and equipment	1,501	(1,707)
Other corporate costs	(3,453)	(2,253)
Profit before tax	63,001	45,722

There are no individual costs included within other corporate costs that is greater than the amounts listed in the above table.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

9 Segmental information (continued)

Segment assets and liabilities

	31 December 2022				31 December 2021 ¹			
	Suburban €'000	Urban €'000	Partnerships €'000	Total €'000	Suburban €'000	Urban €'000	Partnerships €'000	Total €'000
<i>Segment assets</i>	590,321	153,018	6,452	749,791	613,168	183,848	2,519	799,535
<i>Reconciliation to Consolidated Balance Sheet</i>								
Deferred tax asset				620				403
Trade and other receivables				785				497
Cash and cash equivalents				71,085				141,176
Property, plant and equipment				51,750				27,230
Intangible assets				1,770				1,214
				875,801				970,055
<i>Segment liabilities</i>	69,138	9,876	159	79,173	-	-	-	-
<i>Reconciliation to Consolidated Balance Sheet</i>								
Trade and other payables				17,561				57,488
Loans and Borrowings				80,640				120,247
Lease liabilities				4,744				547
Income tax payable				565				7,692
				182,683				185,974

1. See Note 6(i)(a) for more information on the restatement. As a result of a change in reporting to the CODM in FY2022, liabilities are now split between reportable segments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

10 Revenue

	2022 €'000	2021 €'000
<i>Suburban</i>		
Core	451,930	276,848
Non-core	2,610	-
	454,540	276,848
<i>Urban</i>		
Core	176,570	126,217
Non-core	13,596	73,742
	190,166	199,959
Total Revenue	644,706	476,807

The Group has presented revenue as a split between core and non-core by business segment. This split is consistent with internal reporting to the Chief Operating Decision Maker ('CODM').

Core suburban product relates to affordable starter homes for first time buyers. Core urban product relates primarily to apartments suitable for institutional investors. Non-core suburban and urban product relates to high-end, private developments and sites. Non-core suburban and urban cost of sales is mostly attributable to land and development expenditure costs for high end, private developments and sites.

Urban core revenue includes income from the sale of land and development revenue from construction contracts that are recognised over time by reference to the stage of completion of the contract with the customer. Development revenue recognised in the financial year related to the development of the sites at Barn Oaks Apartments, Castleforbes and Carpenterstown and amounted to €82.1 million (2021: €8.2 million) with €32.1 million (2021: €3.8 million) outstanding in contract receivables (Note 20) at the year end. The payment terms for these contracts are between 30 and 90 days.

All revenue is earned in the Republic of Ireland.

11 Finance Expense

	2022 €'000	2021 €'000
Interest on secured bank loans	7,049	4,820
Finance cost on lease liabilities	45	25
	7,094	4,845

12 Statutory and other information

	2022 €'000	2021 €'000
Amortisation of intangible assets (Note 18)	487	487
Depreciation of property, plant and equipment (Note 17)*	3,509	3,144
Employment costs (Note 13)	40,337	33,481
(Profit)/Loss on disposal of property, plant and equipment	(1,501)	1,707
	368	312
Directors' remuneration		
Salaries, fees and other emoluments	3,252	2,461
Pension contributions	150	115
	3,402	2,576

* Includes €2.1 million (2021: €1.2 million) capitalised in inventory during the year ended 31 December 2022.

** Included in the auditor's remuneration for the Group is an amount of €0.020 million (2021: €0.015 million) that relates to the Company's financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13 Employment costs

The average number of persons employed by the Group (including Executive Directors) during the financial year was 423 (*Executive Committee: 6; Non-executive Directors: 5; Construction: 227; and Other: 185*). (*2021: 336 (Executive Committee: 3; Non-executive Directors: 5; Construction: 176; and Other: 152)*).

The aggregate payroll costs of these employees for the financial year were:

	2022 Total €'000	2021 Total €'000
Wages and salaries	33,734	28,262
Social welfare costs	3,540	2,744
Pension costs – defined contribution	1,346	1,256
Share-based payment expense (Note 14)	1,717	1,219
	40,337	33,481

€15.4 million (*2021: €12.3 million*) of employment costs were capitalised in inventory during the financial year.

14 Share-based payment arrangements

The Group operates three equity-settled share-based payment arrangements being the Founder Share scheme, the Long-Term Incentive Plan ('LTIP') and the Savings Related Share Option Scheme (known as the Save As You Earn or 'SAYE' scheme). As described below, options were granted under the terms of the LTIP and SAYE schemes during the financial year.

(a) Founder Share Scheme

The founders of the Company (John Mulcahy, Justin Bickle (beneficially held by Durrow Ventures), and Stephen Garvey) subscribed for a total of 200,000,000 ordinary shares of €0.001 each for cash at par value during 2017, which were subsequently converted to Founder Shares in advance of the Company's initial public offering. These shares entitle the Founders to share 20% of the Company's Total Shareholder Return ('TSR') (being the increase in market capitalisation of the Company, plus dividends or distributions in the relevant period) in each of five individual testing periods up to 30 June 2022, subject to achievement of a performance condition related to the Company's share price. Further details in respect of the Founder Shares are outlined in Note 26.

Following the completion of the fifth test period (which ran from 1 March 2022 until 30 June 2022), it was confirmed that the performance condition related to the Company's share price was not satisfied and therefore the Founder Share Value in respect of the test period was €Nil. Accordingly, no Founder Shares were converted to ordinary shares during the financial year. Following completion of the fifth test period, the scheme is now completed.

(b) LTIP

On 1 April 2022, the Remuneration Committee approved the grant of 4,568,698 options to certain members of the management team in accordance with the terms of the Company's LTIP. These options will vest on completion of a three-year service period from grant date subject to the achievement of certain performance condition hurdles based on the Company's Return on Equity (ROE) and Earnings per Share (EPS) across the vesting period. 50% of the awards will vest based on the Group's ROE for the financial year ended 31 December 2024. The EPS based options will vest based on the Group's EPS* for the financial year ended 31 December 2024. 25% of ROE based options vest should the Group achieve ROE of 11.0% with the remaining options vesting on a pro rata basis up to 100% if ROE of 16.2% is achieved. 25% of EPS based options will vest should the Group achieve EPS* of 12.0 cents per share with the remaining options vesting on a pro rata basis up to 100% if EPS* of 20.0 cents per share is achieved. In line with the Group's remuneration policy, LTIP awards granted to Executive Directors from 2020 onwards include a holding period of at least two years post exercise.

	Number of Options 2022	Number of Options 2021
LTIP options in issue at 1 January	10,583,497	7,675,456
Granted during the financial year	4,568,698	3,998,475
Forfeited during the financial year	(264,729)	(590,329)
Lapsed during the financial year	–	(381,595)
Exercised during the financial year	(1,864,636)	(118,510)
LTIP options in issue at 31 December	13,022,830	10,583,497
Exercisable at 31 December	461,395	58,057

LTIP options were exercised during the financial year with the average share price being €1.00 (*2021: €0.99*). The options outstanding at 31 December 2022 had an exercise price €0.001 (*2021: €0.001*) and a weighted-average contractual life of 7 years (*2021: 7 years*).

* Group EPS is defined as Basic Earnings Per Share as calculated in accordance with IAS 33 Earnings Per Share subject to adjustment by the Remuneration Committee at its discretion, for items deemed not reflective of the Group's underlying performance for the financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

14 Share-based payment arrangements (continued)

(b) LTIP (continued)

The EPS and ROE related performance conditions are non-market conditions and do not impact the fair value of the EPS or ROE based awards at grant date which is equivalent to the share price at grant date. The fair value of LTIP options granted in the prior periods was measured using a Monte Carlo simulation. There is no Total Shareholder Return (TSR) linked performance condition for options granted in the period and therefore no fair value exercise was performed related to this performance condition. Service and non-market conditions attached to the arrangements were not taken into account when measuring fair value. The inputs used in measuring fair value at grant date were as follows:

	2022	2021
Fair value at grant date	€1.16	€0.49
Share price at grant date	€1.16	€0.91
Valuation methodology	N/A	Monte Carlo
Exercise price	€0.001	€0.001
Expected volatility	N/A	36.1%
Expected life	N/A	3 years
Expected dividend yield	N/A	0%
Risk free rate	N/A	-0.7%

The exercise price of all options granted under the LTIP to date is €0.001 and all options have a 7-year contractual life. The expected share price and TSR volatility was based on the historical volatility of the Group over the expected life of the equity instruments granted.

The Group recognised an expense of €1.7 million (2021: €1.2 million) in the consolidated statement of profit or loss in respect of options granted under the LTIP.

(c) SAYE Scheme

Under the terms of the scheme, employees may save up to €500 per month from their net salaries for a fixed term of three or five years and at the end of the savings period they have the option to buy shares in the Company at a fixed exercise price. No options were granted in the current year or prior period and therefore no fair value exercise was performed.

Details of options outstanding and grant date fair value assumptions

	2022		2021	
	Number of Options 3 Year	Number of Options 5 Year	Number of Options 3 Year	Number of Options 5 Year
SAYE options in issue at 1 January	799,740	165,000	959,040	255,000
Granted during the financial year	-	-	-	-
Cancelled during the financial year	(32,520)	-	(130,500)	(90,000)
Exercised during the financial year	(177,000)	-	(28,800)	-
SAYE options in issue at 31 December	590,220	165,000	799,740	165,000

The weighted average exercise price of all options granted under the SAYE to date is €0.97 (2021: €0.71).

The expected share price and TSR volatility was based on the historical volatility of a comparator group of peer companies over the expected life of the equity instruments granted together with consideration of the Group's actual trading volatility to date.

The Group recognised an expense of €0.06 million (2021: €0.06 million) in the consolidated statement of profit or loss in respect of options granted under the SAYE scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

15 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share has been based on the profit attributable to ordinary shareholders and the weighted average numbers of shares outstanding for the financial year. There were 638,131,722 ordinary shares in issue at 31 December 2022 (2021: 771,770,694).

	2022	2021
Profit for the financial year attributable to ordinary shareholders (€'000)	52,567	37,702
Weighted average number of shares for the financial year	693,872,004	840,694,786
Basic earnings per share (cents)	7.6	4.5

	2022*	2021
	No. of shares	No. of shares
Reconciliation of weighted average number of shares		
Number of ordinary shares at beginning of financial year	771,770,694	871,333,550
Effect of share buyback	(78,865,173)	(30,664,903)
Effect of SAYE maturity	29,487	4,359
Effect of LTIP maturity	936,996	21,780
	693,872,004	840,694,786

(b) Dilutive earnings/(loss) per share

Diluted earnings per share

	2022	2021
Profit for the financial year attributable to ordinary shareholders (€'000)	52,567	37,702
Weighted average number of shares for the financial year	695,970,940	845,809,433
Diluted earnings per share (cents)	7.6	4.5

	2022*	2021
	No. of shares	No. of shares
Reconciliation of weighted average number of shares (diluted)		
Weighted average number of ordinary shares (basic)	693,872,004	840,694,786
Effect of potentially dilutive shares	2,098,936	5,114,647
	695,970,940	845,809,433

* The number of potentially issuable shares in the Group held under option or Founder Share arrangements at 31 December 2022 is 13,022,830 (2021: 191,590,335).

** Under IAS 33, Founders Shares and LTIP arrangements have an assumed test period ending on 31 December 2022. Based on this assumed test period no ordinary shares would be issued through the conversion of Founder Shares. Based on the assumed test period only the TSR performance condition was met related to LTIP options and therefore only ordinary shares related to this condition would be issued through the conversion of LTIP options.

At 31 December 2022 Nil options (2021: Nil options) were excluded from the diluted weighted average number of ordinary shares because their effect would have been anti-dilutive.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

16 Income tax

	2022 €'000	2021 €'000
Current tax charge for the financial year	10,650	7,008
Deferred tax (credit)/charge for the financial year	(216)	1,012
Total income tax charge	10,434	8,020

The tax assessed for the financial year differs from the standard rate of tax in Ireland for the financial year. The differences are explained below.

	2022 €'000	2021 €'000
Profit before tax for the financial year	63,001	45,722
Tax charge at standard Irish income tax rate of 12.5%	7,875	5,715
<i>Tax effect of:</i>		
Income taxed at the higher rate of corporation tax	2,424	2,141
Non-deductible expenses – other	97	298
Adjustment in respect of prior year (over)/under accrual	38	44
Losses forward previously not recognised as deferred tax	–	(178)
Total income tax charge	10,434	8,020

Movement in deferred tax balances

	Balance at 1 January 2022 €'000	Recognised in profit or loss €'000	Balance at 31 December 2022 €'000
Expenses deductible in future periods	403	216	619
	403	216	619

The expenses deductible in future periods arise in Ireland and have no expiry date. Based on profitability achieved in the period, the continued forecast profitability in the Group's strategic plan and the sensitivities that have been applied therein, management has considered it probable that future profits will be available against which the above losses can be recovered and, therefore, the related deferred tax asset can be realised.

Global minimum tax

To address concerns about uneven profit distribution and tax contributions of large multinational corporations, various agreements have been reached at the global level, including an agreement by over 135 jurisdictions to introduce a global minimum tax rate of 15%. In December 2021, the Organisation for Economic Co-operation and Development ('OECD') released a draft legislative framework, followed by detailed guidance released in March 2022, that is expected to be used by individual jurisdictions that signed the agreement to amend their local tax laws. Once changes to the tax laws in any jurisdiction in which the Group operates are enacted or substantively enacted, the Group may be subject to the top-up tax. At the date when the financial statements were authorised for issue, the jurisdiction in which the Group operates had not enacted or substantively enacted the tax legislation related to the top-up tax. The Group may be potentially subject to the top up tax. Management is closely monitoring the progress of the legislative process in the Republic of Ireland. At 31 December 2022, the Group did not have sufficient information to determine the potential quantitative impact.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

17 Property, plant and equipment

	2022					2021				
	Land & buildings €'000	Fixtures & fittings €'000	Plant & machinery €'000	Computer equipment €'000	Total €'000	Land & buildings €'000	Fixtures & fittings €'000	Plant & machinery €'000	Computer equipment €'000	Total €'000
Cost										
At 1 January	18,239	945	14,699	717	34,600	15,263	1,162	9,045	694	26,164
Acquisitions through business combinations (Note 25)	3,313	56	714	–	4,083	–	–	–	–	–
Additions	15,315	1,095	7,874	308	24,592	10,000	62	5,958	32	16,052
Disposals	(545)	–	(792)	(75)	(1,412)	(7,024)	(279)	(304)	(9)	(7,616)
At 31 December	36,322	2,096	22,495	950	61,863	18,239	945	14,699	717	34,600
Accumulated depreciation										
At 1 January	(2,216)	(438)	(4,121)	(595)	(7,370)	(1,693)	(389)	(2,551)	(444)	(5,077)
Charge for the financial year	(748)	(216)	(2,447)	(98)	(3,509)	(922)	(197)	(1,866)	(159)	(3,144)
Disposals	–	–	700	66	766	399	148	296	8	851
At 31 December	(2,964)	(654)	(5,868)	(627)	(10,113)	(2,216)	(438)	(4,121)	(595)	(7,370)
Net book value										
At 31 December	33,358	1,442	16,627	323	51,750	16,023	507	10,578	122	27,230

The depreciation charge for the year includes €2.1 million (2021: €1.2 million) which was capitalised in inventory at 31 December 2022.

Property plant and equipment includes right of use assets of €4.7 million (2021: €0.5 million) related to leased properties and motor vehicles.

During the year, the Group entered into new lease agreements for the use of land and buildings as its head office facility in Maynooth, Co. Kildare. The land and buildings lease commenced in September 2022 for a duration of seven years. On lease commencement, the Group recognised €4.7 million of right-of-use assets and lease liabilities.

In the prior year, The Group entered new lease arrangements for the use of motor vehicles (€0.3 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

18 Intangible assets

	2022				2021		
	Goodwill €'000	Licence €'000	Computer Software €'000	Total €'000	Licence €'000	Computer Software €'000	Total €'000
Cost							
At 1 January	-	-	2,390	2,390	149	1,359	1,508
Additions	5,697	300	743	6,740	-	1,038	1,038
Disposals	-	-	-	-	(149)	(7)	(156)
At 31 December	5,697	300	3,133	9,130	-	2,390	2,390
Accumulated amortisation							
At 1 January	-	-	(1,176)	(1,176)	(100)	(696)	(796)
Charge for the year	-	-	(487)	(487)	-	(487)	(487)
Disposals	-	-	-	-	100	7	107
At 31 December	-	-	(1,663)	(1,663)	-	(1,176)	(1,176)
Net book value							
At 31 December	5,697	300	1,470	7,467	-	1,214	1,214

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

19 Inventory

	2022 €'000	2021 €'000
Land	455,280	548,728
Development expenditure work in progress	227,240	204,458
Development rights	3,231	14,008
	685,751	767,194

€530.4 million (2021: €387.5 million) of inventory was recognised in 'cost of sales' during the year ended 31 December 2022. Sustainable materials such as heat pumps, PV panels, timber frames and building expenditure necessary to deliver A1/A2 Building Energy Rating ('BER') homes are included within development expenditure work in progress.

(i) Impairment of inventories

During the financial year the Group carried out a net realisable value assessment of its inventories at the reporting date. This assessment determined that the net impairment charge or reversal required for the period was €Nil.

In the prior financial year, the Group's net realisable value assessment resulted in an impairment reversal of €4.2 million for the year at our previously impaired non-core active sites. The impairment reversal was reflective of management's reassessment of sales prices on remaining units at higher ASP sites due to better pricing being achieved on unit closings in the year. This was recognised in cost of sales with €1.4 million allocated to land and the remainder (€2.8 million) allocated to work in progress.

(ii) Employment cost capitalised

€15.4 million of employment costs incurred in the financial year have been capitalised in inventory (2021: €12.3 million).

(iii) Development right

Tallaght, Dublin 24/Gateway Retail Park, Co. Galway

In March 2018, the Group entered into an Acquisition and Profit Share Agreement ('APSA') with Targeted Investment Opportunities ICAV ('TIO'), a wholly owned subsidiary of OCM Luxembourg EPF III S.a.r.l. Under the terms of the APSA, the Group acquired certain development rights in respect of the site at Gateway Retail Park, Knocknacarra, Co. Galway for consideration of approximately €13.2 million (including stamp duty and acquisition costs). The development rights will (subject to planning) entitle the Group to develop at least 250 residential units under a joint business plan to be undertaken with Sigma Retail Partners (on behalf of TIO) which will also entitle TIO to control and benefit from any retail development at the site. The Directors have determined that joint control of the site exists and the arrangement has been accounted for as a joint operation in accordance with IFRS 11 Joint Arrangements. For further information regarding the APSA, see Note 29 of these financial statements.

In July 2022, the Group agreed a repayment of consideration (€10.0 million) and release of obligations under the Acquisition and Profit Share Agreement in relation to the site at The Square Shopping Centre, Tallaght, Dublin 24.

20 Trade and other receivables

	2022 €'000	2021 €'000
Trade receivables	9,224	6,549
Contract receivables	32,113	3,825
Other receivables	2,283	2,172
Prepayments	862	698
Construction bonds	12,140	10,012
Deposits for sites	2,049	9,124
	58,671	32,380

The carrying value of all financial assets and trade and other receivables is approximate to their fair value and are short term in nature with the exception of construction bonds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

21 Trade and other payables

	2022 €'000	2021 €'000
Current		
Trade payables	7,132	6,202
Payroll and other taxes	4,897	3,524
Inventory accruals	33,600	20,069
Contingent consideration	1,500	–
Other accruals	16,372	13,238
VAT payable	29,733	14,455
	93,234	57,488

The carrying value of all financial liabilities and trade and other payables is approximate to their fair value and are repayable under the normal credit cycle.

	2022 €'000	2021 €'000
Non-current		
Contingent consideration (Note 25)	3,500	–
Non-current	3,500	–
Current	93,234	57,488
	96,734	57,488

22 Loans and borrowings

(a) Loans and borrowings

The Group is party to a long-term debt facility for a total of €250.0 million with a syndicate of domestic and international banks for a term of 5 years at an interest rate of one-month EURIBOR (subject to a floor of 0 per cent) plus a margin of 2.6%. €82.5 million had been drawn on the new debt facilities (31 December 2021: €122.5 million). Pursuant to the debt facility agreement, there is a fixed and floating charge in place over the net assets of the subsidiary entities of the Group as continuing security for the discharge of any amounts drawn down. The carrying value of these net assets at 31 December 2022 is €685.2 million (31 December 2021: €783.2 million).

	2022 €'000	2021 €'000
Debt facilities	82,500	122,500
Unamortised borrowing costs	(1,877)	(2,476)
Interest accrued	17	223
Total loans and borrowings	80,640	120,247

Loans and borrowings are payable as follows:

	2022 €'000	2021 €'000
Less than one year	9,419	39,625
Between one and two years	9,401	9,401
More than two years	61,820	71,221
Total loans and borrowings	80,640	120,247

The Group's debt facilities were entered into with AIB, Bank of Ireland, Barclays and Ulster Bank and are subject to primary financial covenants calculated on a quarterly basis:

- A maximum net debt to net assets ratio of 25%;
- Loans to eligible assets value does not exceed 65%;
- The Group is required to maintain a minimum cash balance of €25.0 million throughout the term of the debt facility, from 31 March 2024 this will increase to €50.0 million; and
- EBITDA must exceed net interest costs by a minimum of 3 times and is calculated on a trailing twelve-month basis.

All covenants have been complied with in 2022 and 2021.

Debt facilities are secured by a debenture incorporating fixed and floating charges and assignments over all the assets of the Group. The carrying value of inventories as at 31 December 2022 pledged as security is €685.2 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

22 Loans and borrowings (continued)

(b) Reconciliation of movements of liabilities to cash flows arising from financing activities

	Cash flows								Non-cash changes				
	Opening 2022 €'000	Credit facility drawdown €'000	Credit facility repayment €'000	Transaction costs related to loans and borrowings €'000	Share buyback payments €'000	Proceeds from share option exercise €'000	Payment of lease liability €'000	Interest Paid €'000	Amortisation of transaction costs €'000	Interest on debt facilities €'000	Interest on lease liability €'000	New leases €'000	Closing 2022 €'000
2022													
Liabilities:													
Loans and borrowings	122,500	110,000	(150,000)	-	-	-	-	-	-	-	-	-	82,500
Unamortised transaction costs	(2,476)	-	-	-	-	-	-	-	599	-	-	-	(1,877)
Lease liability	547	-	-	-	-	-	(470)	-	-	-	45	4,622	4,744
Interest accrual	223	-	-	-	-	-	-	(6,490)	-	6,284	-	-	17
Equity:													
Share Buyback	(107,466)	-	-	-	(146,260)	-	-	-	-	-	-	-	(253,726)
Share option exercise	29	-	-	-	-	108	-	-	-	-	-	-	137
	13,357	110,000	(150,000)	-	(146,260)	108	(470)	(6,490)	599	6,284	45	4,622	(168,205)
	Cash flows								Non-cash changes				
	Opening 2021 €'000	Credit facility drawdown €'000	Credit facility repayment €'000	Transaction costs related to loans and borrowings €'000	Share buyback payments €'000	Proceeds from share option exercise €'000	Payment of lease liability €'000	Interest Paid €'000	Amortisation of transaction costs €'000	Interest on debt facilities €'000	Interest on lease liability €'000	New leases €'000	Closing 2021 €'000
2021													
Liabilities:													
Loans and borrowings	100,000	130,000	(107,500)	-	-	-	-	-	-	-	-	-	122,500
Unamortised transaction costs	(104)	-	-	(2,993)	-	-	-	-	621	-	-	-	(2,476)
Lease liability	1,316	-	-	-	-	-	(1,110)	-	-	-	22	319	547
Interest accrual	38	-	-	-	-	-	-	(4,009)	-	4,194	-	-	223
Equity:													
Share Buyback	-	-	-	-	(107,466)	-	-	-	-	-	-	-	(107,466)
Share option exercise	-	-	-	-	-	29	-	-	-	-	-	-	29
	101,250	130,000	(107,500)	(2,993)	(107,466)	29	(1,110)	(4,009)	621	4,194	22	319	13,357

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

22 Loans and borrowings (continued)

(c) Net (debt)/funds reconciliation

	2022 €'000	As restated 2021 €'000
Restricted Cash	458	458
Cash and cash equivalents	71,085	141,176
Loans and borrowings	(80,640)	(120,247)
Lease liabilities	(4,744)	(547)
Total net (debt)/funds	(13,841)	20,840

(d) Lease Liabilities

Lease liabilities are payable as follows:

	31 December 2022		
	Present value of minimum lease payments €'000	Interest €'000	Future value of minimum lease payments €'000
Less than one year	84	–	84
Between one and two years	16	–	16
More than two years	4,644	313	4,957
	4,744	313	5,057

23 Restricted cash

	2022 €'000	As restated 2021 €'000
Current	458	458
	458	458

The restricted cash balance relates to €0.5 million held in escrow until the completion of certain infrastructural works relating to the Group's residential development at Balbriggan, Co. Dublin.

24 Subsidiaries

The principal subsidiary companies and the percentage shareholdings held by Glenveagh Properties plc, either directly or indirectly, pursuant to Section 314 of the Companies Act 2014 at 31 December 2022 are as follows:

Company	Principal activity	%	Reg. office
Glenveagh Properties (Holdings) Limited	Holding company	100%	1
Glenveagh Treasury DAC	Financing activities	100%	1
Glenveagh Contracting Limited	Property development	100%	1
Glenveagh Homes Limited	Property development	100%	1
Greystones Devco Limited	Property development	100%	1
Marina Quarter Limited	Property development	100%	1
GLV Bay Lane Limited	Property development	100%	1
Glenveagh Living Limited	Property development	100%	1
GL Partnership Opportunities DAC	Property development	100%	1
Castleforbes Development Company DAC	Property development	100%	1
Hollystown Golf & Leisure Limited	Golf Club operations	100%	1
Harmony Timber Solutions Limited	Manufacturing operations	100%	1
GMP Developments Limited	Holding company	100%	1

1 Block B, Maynooth Business Campus, Maynooth, Co. Kildare, W23W5X7.

Pursuant to section 316 of the Companies Act 2014, a full list of subsidiaries will be annexed to the Company's Annual Return to be filed in the Companies Registration Office in Ireland.

25 Acquisition of subsidiary

On 31 August 2022, the Group acquired 100% of the share capital of Harmony Timber Solutions Limited ('Harmony') and GMP Developments Limited ('GMP') for a total consideration of €11.9 million. Taking control of Harmony and GMP enables the Group to enhance its timber frame manufacturing capabilities and de-risks our supply chain with access to high quality timber frames. The business is highly complementary to the Group's housing development platform and existing manufacturing capabilities. The investment increases the Group's market share in the timber frame sector and is expected to have a positive impact from a construction costs perspective.

In the post-acquisition period to 31 December 2022, the business acquired during the current year contributed revenue of €1.1 million and profit of €0.3 million respectively to the Group's results.

The full year revenue and trading profit had the acquisition taken place at the start of the year, would have been €6.9 million and €1.3 million respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

25 Acquisition of subsidiary (continued)

(i) Goodwill

Goodwill arising from the acquisition has been recognised as follows.

	Harmony €'000	GMP €'000	Total €'000
Cash paid	6,875	–	6,875
Contingent consideration	5,000	–	5,000
Total consideration	11,875		11,875
Less: fair value of net (assets)/liabilities acquired	(6,181)	3	(6,178)
Goodwill	5,694	3	5,697

Impairment Test

The goodwill carrying amount is allocated to the suburban segment with the recoverable amount of this cash generating unit (CGU) being based on value in use. The value in use was determined by the cash flows to be generated from the continuing use of the CGU over a three year period.

The Group has established internal controls designed to effectively assess and centrally review future cash flows generated from CGUs. The key assumptions on which management has based its cash flows are revenue and construction costs. Revenue assumptions relate to unit sales prices for sites delivering over the period based on prices achieved to date, current market prices, historic prices, and sales agent reports. Construction cost assumptions are based on contracted/procured package pricing or where packages are not procured, historic pricing achieved, or pricing achieved on similar packages in reference to other sites.

The impact of sustainability and other macroeconomic factors have been considered in the Group's assessment of these cash flows, particularly with regard to the potential implications for future selling prices, development expenditure and construction programming. Management has considered scenarios on each of its active developments and the consequential impact on future profitability based on current facts and circumstances together with any implications for future projects in undertaking its impairment analysis.

As part of the assessment, the Group has re-evaluated its most likely exit strategies on all developments in the context of the current market environment and reflected these in revenue assumptions within the forecast models. The results of this exercise determined that the no impairment was required at the reporting date.

(ii) Contingent consideration

The Group has agreed to pay the selling shareholders additional consideration over a three year period between €nil and €5.0 million dependent on the selling shareholders successfully achieving certain agreed metrics. These metrics are fully aligned with the business strategy. At the reporting date, there is a reasonable expectation that these metrics will be met with €5.0 million being recognised as the fair value of contingent consideration at the date of acquisition. The fair value of contingent consideration will be reassessed at each reporting date.

The valuation technique used to measure contingent consideration was the enterprise value of the entity acquired with the enterprise value being determined with reference to EBITDA and Net Asset multiples. Contingent consideration is categorised as a Level 3 fair value instrument.

(iii) Acquisition related costs

The Group incurred acquisition related costs of €0.5 million on legal fees and due diligence costs. These costs have been included in administrative expenses in the Consolidated statement of profit or loss and other comprehensive income.

(iv) The fair value of assets and liabilities arising from the acquisition

The following table summarises the recognised amounts of assets and liabilities assumed at the date of acquisition.

	Harmony €'000	GMP €'000	Total €'000
Non-current assets			
Land and buildings	2,932	381	3,313
Plant and machinery	714	–	714
Fixtures and Fittings	56	–	56
Current assets			
Trade and other receivables	2,555	–	2,555
Inventories	1,009	–	1,009
Cash and cash equivalents	847	–	847
Current Liabilities			
Trade and other payables	(1,932)	(384)	(2,316)
Fair value of net assets/(liabilities) acquired	6,181	(3)	6,178

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

25 Acquisition of subsidiary (continued)

(v) Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

(a) Land and buildings and plant and machinery

The valuation model considers market prices for similar items when they are available and depreciated cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

(b) Inventories

The fair value of raw materials is determined based on the cost based on market rates in the ordinary course of business. The fair value for finished goods is determined based on the estimated cost of inputs to complete units.

(c) Trade receivables and other receivables

The gross contractual value of trade and other receivables as at the date of acquisition amounts to €2.8 million. The fair value of these receivables is €2.5 million, all of which is expected to be collectable at the date of acquisition.

If new information obtained within one year of the date of acquisition about facts and circumstances that existed as the date of acquisition identifies adjustments to the above amounts, then the accounting for the acquisition will be revised.

26 Capital and reserves

(a) Authorised share capital

	2022		2021	
	Number of shares	€'000	Number of shares	€'000
Ordinary Shares of €0.001 each	1,000,000,000	1,000	1,000,000,000	1,000
Founder Shares of €0.001 each	–	–	200,000,000	200
Deferred Shares of €0.001 each	200,000,000	200	200,000,000	200
	1,200,000,000	1,200	1,400,000,000	1,400

(b) Issued and fully paid share capital and share premium

	Number of shares	Share capital €'000	Share premium €'000
At 31 December 2022			
Ordinary Shares of €0.001 each	638,131,722	638	179,416
Founder shares of €0.001 each	–	–	–
Deferred Shares of €0.001 each	81,453,077	81	–
	719,584,799	719	179,416
	Number of shares	Share capital €'000	Share premium €'000
At 31 December 2021			
Ordinary Shares of €0.001 each	771,770,694	771	179,310
Founder Shares of €0.001 each	181,006,838	181	–
	952,777,532	952	179,310

(c) Reconciliation of shares in issue

	Ordinary shares '000	Founder shares '000	Deferred shares '000	Un-denominated capital €'000	Share capital €'000	Share premium €'000
In respect of current year						
In issue at 1 January 2022	771,771	181,007	–	100	952	179,310
Purchase of own shares	(135,680)	–	–	135	(135)	–
Conversion of founder shares to deferred shares	–	(181,007)	181,007	–	–	–
Cancellation of deferred shares	–	–	(99,554)	100	(100)	–
Exercise of options	2,041	–	–	–	2	106
	638,132	–	81,453	335	719	179,416
	Ordinary shares '000	Founder shares '000	Undenominated capital €'000	Share capital €'000	Share premium €'000	
In respect of prior year						
In issue at 1 January 2021	871,333	181,007	–	1,052	179,281	
Purchase of own shares	(99,710)	–	100	(100)	–	
Exercise of options	148	–	–	–	29	
	771,771	181,007	100	952	179,310	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

26 Capital and reserves (continued)

(d) Rights of shares in issue

Ordinary Shares

The holders of Ordinary Shares are entitled to one vote per Ordinary Share at general meetings of the Company and are entitled to receive dividends as declared by the Company.

Founder Shares

Founder Shares do not confer on any holder thereof the right to receive notice of, attend, speak or vote at general meetings of the Company except in relation to resolutions regarding the voluntary winding up of the Company or the granting of further Founder Shares. Founder Shares do not entitle their holder to receive dividends.

Founder Shares entitle the Founders of the Company namely, Justin Bickle (through Durrow Ventures), Stephen Garvey and John Mulcahy to share 20% of the Company's TSR (calculated by reference to the change of control price plus dividends and distributions made) between admission and the change of control (less the value of any ordinary shares (at their original conversion or redemption price)) which have previously been converted or redeemed in the five years following the IPO of the Company.

This entitlement is subject to the achievement of a performance condition related to the Company's share price, specifically that a compound rate of return of 12.5% (adjusted for any dividends or other distributions and returns of capital made but excluding the value of any Founder Shares which have been redeemed) is achieved across five testing periods.

Following completion of the fifth test period (which ran from 1 March 2022 until 30 June 2022), it was confirmed that, the performance hurdle condition was not satisfied and therefore the Founder Shares Value for the test period was zero, and accordingly no Founder Shares were converted to ordinary shares in respect of this test period.

Under the Company's constitution any Founder Shares which remained in existence, and which had not been previously converted were, following the final test period, to be converted on a one-to-one basis into deferred shares, (the 'Termination Conversion'). On 26 October 2022, the Board approved the Termination Conversion. In respect of deferred shares held by the Founders, John Mulcahy and Stephen Garvey surrendered their respective deferred shares in November 2022.

Following completion of the fifth test period, the scheme is now completed.

(e) Nature and purpose of reserves

Share based payment reserve

The share-based payment reserve comprises amounts equivalent to the cumulative cost of awards by the Group under equity settled share-based payment arrangements being the Group's Long Term Incentive Plan and the SAYE scheme. On vesting, the cost of awards previously recognised in the share-based payments reserve is transferred to retained earnings. Details of the share awards, in addition to awards which lapsed in the year, are disclosed in Note 14.

(f) Share buyback programme

Further to the authority granted at the Annual General Meeting on 27 May 2021. The Group commenced a €75.0 million share buyback programme on 28 May 2021, the programme completed on 13 October 2021. The total number of shares purchased was 71,689,205 at a total cost of €75.0 million. All repurchased shares were cancelled in accordance with the share buyback programme.

On 16 November 2021, the Group announced a second share buyback programme, which completed on 28 April 2022. The total number of shares purchased was 92,950,510 at a total cost of €111.0 million. The total number of shares purchased in the period 1 January to 28 April 2022 was 64,929,549 at a total cost of €77.9 million. All repurchased shares were cancelled in accordance with the share buyback programme in the year ended 31 December 2022.

On 1 June 2022, a third share buyback programme commenced up to a further €75.0 million, which completed on 1 November 2022. As at 31 December 2022 the total number of shares purchased under the third buyback programme was 70,750,810 at a total cost of €67.5 million. All repurchased shares were cancelled in the year ended 31 December 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

27 Financial instruments and financial risk management

The consolidated financial assets and financial liabilities are set out below. While all financial assets and liabilities are measured at amortised cost, the carrying amounts of the consolidated financial assets and financial liabilities approximate to fair value. Trade and other receivables and trade and other payables approximate to their fair value as the transactions which give rise to these balances arise in the normal course of trade and, where relevant, with industry standard payment terms and have a short period to maturity (less than one year).

Financial instruments: financial assets

The consolidated financial assets can be summarised as follows:

	2022 €'000	As restated ¹ 2021 €'000
Trade receivables	9,224	6,549
Amounts recoverable on construction contracts	32,113	3,825
Other receivables	2,282	2,172
Construction bonds	12,140	10,012
Deposits for sites	2,049	9,124
Cash and cash equivalents	71,085	141,176
Restricted cash (current)	458	458
Total financial assets	129,351	173,316

1. See Note 6(i)(a) for more information on the restatement.

Cash and cash equivalents are short-term deposits held at variable rates.

Financial instruments: financial liabilities

	2022 €'000	2021 €'000
Trade payables	7,132	6,202
Lease liabilities	4,744	547
Inventory accruals	33,600	20,069
Other accruals	16,372	13,238
Contingent consideration	5,000	–
Loans & borrowings	80,640	120,247
Total financial liabilities	147,488	160,303

Trade payables and other current liabilities are non-interest bearing.

Financial risk management objectives and policies

As all of the operations carried out by the Group are in Euro there is no direct currency risk, and therefore the Group's main financial risks are primarily:

- liquidity risk – the risk that suitable funding for the Group's activities may not be available;
- credit risk – the risk that a counter-party will default on their contractual obligations resulting in a financial loss to the Group; and
- market risk – the risk that changes in market prices, such as interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

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

Liquidity risk

Liquidity risk is the risk that the Group may not be able to generate sufficient cash reserves to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. 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 due, under both normal and stressed conditions, without incurring, unacceptable losses or risking damage to the Group's reputation. The Group's liquidity forecasts consider all planned development expenditure.

Management monitors the adequacy of the Group's liquidity reserves against rolling cash flow forecasts. In addition, the Group's liquidity risk management policy involves monitoring short-term and long-term cash flow forecasts. Set out below are details of the Group's contractual cash flows arising from its financial liabilities and funds available to meet these liabilities.

	31 December 2022				
	Carrying amount €'000	Contractual cash flows €'000	Less than 1 year €'000	1 year to 2 years €'000	More than 2 years €'000
Lease liabilities	4,744	5,057	84	16	4,957
Trade payables	7,132	7,132	7,132	–	–
Inventory accruals	33,600	33,600	33,600	–	–
Other accruals	16,372	16,372	16,372	–	–
Contingent consideration	5,000	5,000	1,500	1,750	1,750
Loans and borrowings	80,640	89,488	11,563	11,546	66,379
	147,488	156,649	70,251	13,312	73,086

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

27 Financial instruments and financial risk management (continued)

Liquidity risk (continued)

	31 December 2021				
	Carrying amount €'000	Contractual cash flows €'000	Less than 1 year €'000	1 year to 2 years €'000	More than 2 years €'000
Lease liabilities	547	568	487	80	1
Trade payables	6,202	6,202	6,202	–	–
Inventory accruals	20,069	20,069	20,069	–	–
Other accruals	13,238	13,238	13,238	–	–
Loans and borrowings	120,247	130,596	43,954	11,253	75,389
	160,303	170,673	83,950	11,333	75,390

Funds available

	2022 €'000	2021 €'000
Debt facilities* (undrawn committed)	150,000	120,000
Cash and cash equivalents	71,543	141,634
	221,543	261,634

* The Group's debt facilities contains a mechanism through which the committed amount can be increased by a further €50.0 million.

The Group's RCF is subject to primary financial covenants calculated on a quarterly basis:

- A maximum net debt to net assets ratio of 25%;
- Loans to eligible assets value does not exceed 65%;
- The Group is required to maintain a minimum cash balance of €25.0 million throughout the term of the debt facility, from 31 March 2024 this will increase to €50.0 million; and
- EBITDA must exceed net interest costs by a minimum of 3 times and is calculated on a trailing twelve-month basis.

Credit risk

The Group's exposure to credit risk encompasses the financial assets being: trade and receivables and cash and cash equivalents. Credit risk is managed by regularly monitoring the Group's credit exposure to each counter-party to ensure credit quality of customers and financial institutions in line with internal limits approved by the Board.

There has been no impairment of trade receivables in the year presented. The impairment loss allowance allocated against trade receivables, cash and cash equivalents and restricted cash is not material. The credit risk on cash and cash equivalents is limited because counter-parties are leading international banks with minimum long-term BBB+ credit-ratings assigned by international credit agencies. The maximum amount of credit exposure is the financial assets in this note.

Market risk

The Group's exposure to market risk relates to changes to interest rates and stems predominately from its debt obligations. The Group is party to a debt facility agreement for a total of €250.0 million, the agreement has a term component of €100.0 million and a committed Revolving Credit Facility of €150.0 million. The facility is with a syndicate of domestic and international banks for a term of 5 years at an interest rate of EURIBOR (subject to a floor of 0 per cent) plus 2.6%. €82.5 million (2021: €122.5 million) had been drawn on the facility at 31 December 2022. The Group has an exposure to cash flow interest rate risk where there are changes in the EURIBOR rates.

Interest rate risk reflects the Group's exposure to fluctuations in interest rates in the market. This risk arises from bank loans that are drawn under the Group's debt facilities with variable interest rates based upon EURIBOR. At the year ended 31 December 2022 it is estimated that an increase of 100 basis points to EURIBOR would have decreased the Group's profit before tax by €2.5 million assuming all other variables remain constant and the rate change is only applied to the loans that are exposed to movements in EURIBOR.

The Group is also exposed to interest rate risk on its cash and cash equivalents. These balances attract low interest rates and therefore a relative increase or decrease in their interest rates would not have a material effect on the Group's profit.

A fundamental review and reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group has no exposure to these changes as it only has exposure to EURIBOR interest rates which is outside the scope of the current reform.

Capital management

The Group finances its operations through a combination of shareholders' funds and working capital. The Group's objective when managing capital is to maintain an appropriate capital structure in the business to allow management to focus on creating sustainable long-term value for its shareholders, with flexibility to take advantage of opportunities as they arise in the short and medium term. The Group's capital allocation policy is to invest in supply chain, land, and work-in-progress. Once the business has invested sufficiently in each of these priorities, excess capital is returned to shareholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

28 Leases

(a) Leases as lessee (IFRS 16)

The Group leases a property and motor vehicles. Motor vehicle leases typically run for a period of 1-3 years, with an option to renew the lease after that date. Lease payments are renegotiated every 1-3 years to reflect market rentals. The property lease is for 15 years with a break clause after 7 years.

The Group leases certain motor vehicles with contract terms of one year. These leases are short term and leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Group is a lessee is presented below.

(i) Right-of-use assets

Right-of-use assets related to leased properties (that do not meet the definition of investment property) and motor vehicles are presented as property, plant and equipment (see Note 17).

2022	Property €'000	Motor Vehicles €'000	Total €'000
Balance at 1 January	286	261	547
Additions to right-of-use assets	4,605	–	4,605
Depreciation charge for the year	(506)	(175)	(681)
Balance at 31 December	4,385	86	4,471

2021	Property €'000	Motor Vehicles €'000	Total €'000
Balance at 1 January	1,024	292	1,316
Additions to right-of-use assets	–	319	319
Depreciation charge for the year	(738)	(350)	(1,088)
Balance at 31 December	286	261	547

(ii) Amounts recognised in profit or loss

	2022 €'000	2021 €'000
2022 – Leases under IFRS 16		
Interest on lease liabilities	45	25
Expenses relating to short-term leases	97	46

(iii) Amounts recognised in statement of cash flows

	2022 €'000	2021 €'000
Total cash outflow on leases	470	1,110

(b) Leases as lessor

In certain instances, the Group acts as a lessor in relation to certain property assets. These arrangements are not material to the Group's consolidated financial statements.

29 Related party transactions

(i) Key Management Personnel remuneration

Key management personnel comprise the Non-executive Directors and the Executive Committee. The aggregate compensation paid or payable to key management personnel in respect of the financial year was the following:

	2022 €'000	2021 €'000
Short-term employee benefits	4,864	2,461
Post-employment benefits	294	115
LTIP and SAYE share-based payment expense	670	116
	5,828	2,692

Compensation of the Group's key management personnel includes salaries, non-cash benefits and contributions to a post-employment defined contribution plan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

29 Related party transactions (continued)

(ii) Other related party transactions

Acquisition of development rights

The Group entered into the Acquisition and Profit Share Agreement (APSA) with Targeted Investment Opportunities ICAV (TIO), a wholly owned subsidiary of OCM Luxembourg EPF III S.a.r.l. (OCM) (and an entity in which John Mulcahy is a Director) on 12 March 2018.

Under the terms of the APSA, the Group acquired certain development rights in respect of sites at The Square Shopping Centre, Tallaght, Dublin 24 and Gateway Retail Park, Knocknacarra, Co. Galway for aggregate consideration of approximately €13.9 million (including stamp duty and transaction costs). The development rights will (subject to planning) entitle the Group to develop at least 750 residential units under two joint business plans to be undertaken with Sigma Retail Partners (on behalf of TIO) which will also entitle TIO to control and benefit from any retail development at both sites.

In July 2022, the Group agreed a repayment of consideration (€10.0 million) and release of obligations under the APSA in relation to the site at The Square Shopping Centre, Tallaght, Dublin 24.

The Directors have determined that joint control over the remaining site exists, and the arrangements have been accounted for as joint operations in accordance with IFRS 11 Joint Arrangements. This accounting treatment was re-assessed at the end of the reporting period and the Directors concluded that it remains appropriate.

The APSA also stipulates that TIO would be entitled to share, on a 50/50 basis, any residual profit remaining after the Group's purchase consideration plus interest and residential development cost plus 20% has been deducted from sales revenue in relation to the residential development opportunity at Gateway Retail Park, Knocknacarra, Co. Galway and Bray Retail Park, Bray, Co. Wicklow.

The agreement defines certain default events including TIO not possessing good and marketable title over the development sites and TIO not transferring good and marketable title over the development sites. On the occurrence of a default event, the Group shall be entitled to recover the aggregate purchase consideration in respect of the development rights. OCM has agreed to guarantee this obligation of TIO.

30 Commitments and contingent liabilities

(a) Commitments arising from development land acquisitions

The Group had no contingent liabilities at 31 December 2022. The Group had the following commitments at 31 December 2022 relating to Development Land Acquisitions.

Hollystown Golf and Leisure Limited ('HGL')

During 2018, the Group acquired 100 per cent of the share capital of HGL. Under the terms of an average covenant signed in connection with the acquisition, the Group has committed to paying the vendor an amount equal to an agreed percentage of the uplift in market value of the property should any lands owned by HGL, that are not currently zoned for residential development be awarded a residential zoning. This commitment has been treated as contingent consideration and the fair value of the contingent consideration at the acquisition date was initially recognised at €nil. At the reporting date, the fair value of this contingent consideration was considered insignificant.

Contracted acquisitions

At 31 December 2022, the Group had contracted to acquire a site; in County Kildare for approximately €14.0 million (excluding stamp duty and legal fees). Deposits totalling €1.4 million were paid pre-year end and are included within trade and other receivables at 31 December 2022.

31 Subsequent events

In February 2023, the Group finalised a new five-year sustainability linked finance facility of €350.0 million, consisting of €100.0 million term component and a revolving credit facility of €250.0 million, which is a direct replacement of our previous €250.0 million debt facility. This new facility is with our existing banking syndicate, at interest rates consistent with those of the previous facility and includes financial and sustainability covenants that better reflect the current strategy and growth ambitions of the business.

On 6 January 2023, the Group announced a fourth share buyback programme to repurchase up to 10% of the Group's issued share capital such that the maximum number of shares which can be repurchased under the buyback is 63,813,172. On 20 February 2023, the number of shares repurchased in respect of this buyback programme had reached 29,678,501 shares for a cost of €28.1 million. All repurchased shares were cancelled.

32 Profit of the Parent Company

The parent company is Glenveagh Properties plc. In accordance with section 304 of the Companies Act 2014, the Company is availing of the exemption from presenting its individual statement of profit or loss and other comprehensive income to the Annual General Meeting and from filing it at the Companies Registration Office. The Company's profit after tax for the financial year was €7.7 million (for the year ended 31 December 2021: profit of €0.031 million).

33 Approved financial statements

The Board of Directors approved the financial statements on 28 February 2023.

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2022

	Note	2022 €'000	2021 €'000
Assets			
Non-current assets			
Investments in subsidiaries	3	8,860	7,143
		8,860	7,143
Current assets			
Trade and other receivables	4	171	190
Amounts owed by subsidiaries	5	599,854	736,398
Cash and cash equivalents		191	1,983
		600,216	738,571
Total assets		609,076	745,714
Equity			
Share capital	7	719	952
Share premium		179,416	179,310
Retained earnings		379,855	517,528
Share-based payment reserve		46,968	45,251
Undenominated capital		335	100
		607,293	743,141
Liabilities			
Current liabilities			
Trade and other payables	6	1,783	2,573
Total liabilities		1,783	2,573
Total liabilities and equity		609,076	745,714

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Share Capital				Share premium €'000	Share-based payment reserve €'000	Retained earnings €'000	Total equity €'000
	Ordinary shares €'000	Founder Shares €'000	Deferred Shares €'000	Undenominated capital €'000				
Balance as at 1 January 2022	771	181	-	100	179,310	45,251	517,528	743,141
Total comprehensive income for the financial year								
Profit for the financial year	-	-	-	-	-	-	7,682	7,682
Other comprehensive income	-	-	-	-	-	-	-	-
	771	181	-	100	179,310	45,251	525,210	750,823
Transactions with owners of the Company								
Equity-settled share-based payments	-	-	-	-	-	1,717	-	1,717
Lapsed share options (Note 14')	-	-	-	-	-	-	-	-
Conversion of founder shares to deferred shares (Note 26)	-	(181)	181	-	-	-	-	-
Cancellation of deferred shares (Note 26)	-	-	(100)	100	-	-	-	-
Exercise of options	2	-	-	-	106	-	-	108
Purchase of own shares (Note 26')	(135)	-	-	135	-	-	(145,355)	(145,355)
	(133)	(181)	81	235	106	1,717	(145,355)	(143,530)
Balance as at 31 December 2022	638	-	81	335	179,416	46,968	379,855	607,293

* The note reference is to the Consolidated financial statements as the information is not disclosed in the notes to the Company financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Share Capital			Share premium €'000	Share-based payment reserve €'000	Retained earnings €'000	Total equity €'000
	Ordinary shares €'000	Founder shares €'000	Undenominated capital €'000				
Balance as at 1 January 2021	871	181	-	179,281	44,129	625,775	850,237
Total comprehensive income for the financial year							
Profit for the financial year	-	-	-	-	-	31	31
Other comprehensive income	-	-	-	-	-	-	-
	871	181	-	179,281	44,129	625,806	850,268
Transactions with owners of the Company							
Equity-settled share-based payments	-	-	-	-	1,219	-	1,219
Lapsed share options (Note 14')	-	-	-	-	(97)	97	-
Exercise of options	-	-	-	29	-	-	29
Purchase of own shares (Note 26')	(100)	-	100	-	-	(108,375)	(108,375)
	(100)	-	100	29	1,122	(108,278)	(107,127)
Balance as at 31 December 2021	771	181	100	179,310	45,251	517,528	743,141

* The note reference is to the Consolidated financial statements as the information is not disclosed in the notes to the Company financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

1 Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention in accordance with the Companies Act 2014 and Generally Accepted Accounting Practice in the Republic of Ireland (Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101)). Note 2 describes the principal accounting policies under FRS 101, which have been applied. The Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Statement of Cash Flows
- Disclosures in respect of transactions with wholly owned subsidiaries
- Certain requirements of IAS 1 Presentation of Financial Statements
- Disclosures required by IFRS 7 Financial Instrument Disclosures
- Disclosures required by IFRS 13 Fair Value Measurement
- Disclosures required by IFRS 2 Share-based Payments
- Disclosures required by IAS 24 Related Party Disclosures
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect capital management

As noted in Note 32 of the consolidated financial statements, the Company has also availed of the exemption from presenting the individual statement of profit or loss and other comprehensive income. The Company's profit for the financial year was €7.7 million. (2021: Profit of €0.03 million).

2 Significant accounting policies

Significant accounting policies specifically applicable to these individual Company financial statements and which are not included within the accounting policies for the consolidated financial statements are detailed below.

(a) Investments in subsidiaries

Investments in subsidiaries are accounted for in these individual Company financial statements on the basis of the direct equity interest, rather than on the basis of the reported results and net assets of investees. Investments in subsidiaries are carried at cost less impairment.

The capital contributions arising from share-based payment charges represents the Company's granting rights over its equity instruments to employees of the Company's subsidiaries. This results in a corresponding increase in investment in subsidiary.

(b) Intra-group guarantees

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of companies within the Group, the Company considers these to be insurance arrangements and accounts for them as such. The Company treats the guarantee contract as a contingent liability until such time as it becomes probable that it will be required to make a payment under the guarantee.

3 Investment in subsidiaries

	2022 €'000	2021 €'000
Investment in subsidiaries	4,025	4,025
Accumulated cost of share-based payments in respect of subsidiaries	4,835	3,118
	8,860	7,143

Details of subsidiary undertakings are given in Note 24 of the consolidated financial statements. The Company has considered triggers for impairment, including market capitalisation and determined there was no trigger.

4 Trade and other receivables

	2022 €'000	2021 €'000
VAT receivable	48	56
Prepayments and other receivables	123	134
	171	190

5 Amounts due from subsidiaries

	2022 €'000	2021 €'000
Amounts due from subsidiaries	599,854	736,398
	599,854	736,398

Amounts owed by subsidiaries are non-interest bearing and are repayable on demand. The expected credit loss associated with the above balances is considered to be insignificant.

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

6 Trade and other payables

	2022	2021
	€'000	€'000
Trade payables	75	128
Accruals	1,649	2,385
Payroll and other taxes	59	60
	1,783	2,573

7 Share capital and share premium

For further information on share capital and share premium, refer to Note 26 of the consolidated financial statements.

8 Financial instruments

The carrying value of the Company's financial assets and liabilities are a reasonable approximation of their fair value.

Relevant disclosures on consolidated financial instruments and risk management are given in Note 27 of the consolidated financial statements.

9 Share-based payments

For information in relation to share-based payment arrangements impacting the Company, refer to Note 14 of the consolidated financial statements.

10 Related party disclosures

See Note 29 of the consolidated financial statements for information in relation to related party transactions.

Remuneration of key management

Key management of the Company is defined as the Directors of the Company. The compensation of key management personnel is set out in Note 29 of the consolidated financial statements.

SUPPLEMENTARY INFORMATION

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Alternative Performance Measures (APMs)

The Group reports certain alternative performance measures ('APMs') that are not required under IFRS, which is the framework under which the consolidated financial statements are prepared. The Group believes that these metrics assist investors in evaluating the performance of the underlying business and provides a more meaningful understanding of how senior management review and monitor the business on an ongoing basis.

These performance measures are referred to throughout our strategy and business update and the discussion of our reported financial position. These performance measures may not be uniformly defined by all companies and accordingly they may not be directly comparable with similarly titled measures and disclosures by other companies.

The principal APMs used by the Group are defined as follows:

1 Gross margin percentage

	Financial statements reference	2022 €'000	2021 €'000
Gross profit	Statement of profit or loss	108,051	83,057
Revenue	Note 10	644,706	476,807
Gross margin percentage		16.8%	17.4%

Prior year gross margin percentage is calculated after an impairment reversal of €4.2 million.

2 Core gross margin percentage

		2022 €'000	2021 €'000
Suburban			
Core revenue		451,930	276,848
Non-core revenue		2,610	-
Total revenue	Note 10	454,540	276,848

2 Core gross margin percentage (continued)

		2022 €'000	2021 €'000
Urban			
Core revenue		176,570	126,217
Non-core revenue		13,596	73,742
Total revenue	Note 10	190,166	199,959
Total			
		2022 €'000	2021 €'000
Core cost of sales		(521,292)	(324,254)
Non-core cost of sales		(15,363)	(73,715)
Total cost of sales	Statement of profit or loss	(536,655)	(397,969)
Total			
		2022 €'000	2021 €'000
Core gross profit		107,208	78,811
Core revenue		628,500	403,065
Core gross margin percentage		17.1%	19.6%

Core gross margin represents gross margin before impairment and non-core revenue and cost of sales is applied. Core gross margin is calculated from Suburban and Urban core revenue unit sales and rental income less the equivalent cost of sales. Non-core revenue is mostly attributable to the Urban segment. Non-core cost of sales is mostly attributable to land and development expenditure costs for high end, private developments and sites.

3 Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) pre-exceptional items, pre-impairment and related margin

An APM representing earnings before interest, tax, depreciation, amortisation, impairment and exceptional items that Group management considers to be the most appropriate measure for assessing the profitability of the Group in a given financial period. It is calculated by adding back non-cash depreciation and amortisation charges to the Group's operating profit or loss for a period, and also adding back exceptional items and impairment. Adjusted EBITDA margin pre-exceptional items, pre-impairment and related margin represents this metric as a percentage of the Group's revenue.

SUPPLEMENTARY INFORMATION (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Alternative Performance Measures (APMs) (continued)

3 Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) pre-exceptional items, pre-impairment and related margin (continued)

	Financial statements reference	2022 €'000	2021 €'000
Depreciation – capitalised		1,978	1,224
Depreciation – expensed		1,616	1,920
Total depreciation	Note 17	3,594	3,144
		2022 €'000	2021 €'000
Adjusted operating profit	Statement of profit or loss	70,095	50,567
Impairment	Note 19	–	(4,219)
Depreciation – expensed	As above	1,616	1,920
Amortisation	Note 18	487	487
Adjusted EBITDA pre-exceptional items		72,198	48,755
Adjusted EBITDA margin pre-exceptional items		11.2%	10.2%

4 Return on capital employed (ROCE)

An APM representing return on capital employed that Group management believes is the best measure of the Group's ability to generate profits from its asset base in a capital efficient manner and to create sustainable shareholder value. ROCE is calculated as operating profit divided by average capital employed, where operating profit is earnings before interest and tax and where capital employed is calculated as (i) net assets plus (ii) financial indebtedness, less (iii) cash and intangible assets.

5 Return on equity (ROE)

An APM representing return on equity that Group management apply to measure of the Group's efficiency of returns generated from shareholder equity after taxation and is calculated as profit after tax attributable to shareholders divided by the average of opening and closing shareholders' funds.

	Financial statements reference	2022 €'000	2021 €'000
Profit after tax	Statement of profit or loss	52,567	37,702
Total equity	Balance sheet	693,118	784,081
Average total equity		738,600	818,793
ROE		7.1%	4.6%

6 Net Development Value (NDV)

An APM representing a metric the Group uses to estimate the development value of land held in inventory. NDV is calculated by multiplying the number of units the Group expects to sell on a given site by the estimated sales price of each unit.

7 Adjusted EPS

This metric will be used as a performance condition for grants under the Group's LTIP from 2020 onwards. It is defined as Basic Earnings Per Share as calculated in accordance with IAS 33 *Earnings Per Share* subject to adjustment by the Remuneration Committee at its discretion, for items deemed not reflective of the Group's underlying performance for the period.

8 Adjusted operating profit

An APM representing a metric the Group uses to measure financial performance in a given financial period. It is defined as operating profit before exceptional items and impairment reversals/charges.

	Financial statements reference	2022 €'000	2021 €'000
Operating profit	Statement of profit or loss	70,095	50,567
Impairment reversal	Statement of profit or loss	–	(4,219)
Adjusted operating profit		70,095	46,348
Revenue	Statement of profit or loss	644,706	476,807
Adjusted operating margin		10.9%	9.7%

COMPANY INFORMATION**Directors****Executive Directors**

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Michael Rice

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Robert Dix
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Camilla Hughes

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