15 February 2024

MJ GLEESON PLC

Results for the half year ended 31 December 2023

Graham Prothero, Chief Executive Officer, commented:

"The results for the half year reflect a robust performance given conditions in the housing market during 2023. Gleeson Homes entered the second half of the year with a strong forward order book and we are seeing encouraging signs of recovery in reservation rates.

In common with others within the sector, we experienced margin pressures arising from increased sales incentives, extended site durations and multi-unit sales. This has been exacerbated by additional costs on a number of older sites, which were brought to light by new management teams put in place following the organisational restructuring implemented last year. We have substantially tightened and standardised our operating and reporting processes and cost disciplines. I am pleased with the response from the teams and the new rigour in these areas as we implement these changes.

Gleeson Land continues to see strong interest from a range of both large and regional developers although the challenge of achieving planning has increased in the context of the revised NPPF and political sensitivities in an election year. We have made good progress in implementing the new structure set out at our Capital Markets Day in July 2023.

Against the backdrop of improving mortgage rates, we are seeing positive signs of a recovery in demand. We expect this to continue into the seasonally busier selling period over the coming weeks and months. Gleeson Homes continues to negotiate selective multi-unit sales and expects to enter into further agreements over the coming months for delivery in both the current and next financial year.

The business has traded well in difficult conditions and is well-placed to capitalise on a recovery in the market and resume its exciting growth strategy."

	H1 23/24	**H1 22/23**	***Change***
Revenue			
Gleeson Homes	£142.3m	£166.7m	*(14.6%)*
Gleeson Land	£9.2m	£4.3m	*114.0%*
Total	**£151.5m**	**£171.0m**	***(11.4%)***
Operating profit by division			
Gleeson Homes	£10.2m	£18.2m	*(44.0%)*
Gleeson Land	£1.0m	£1.4m	*(28.6%)*
Group operating profit	**£8.8m**	**£16.8m**	***(47.6%)***
Group profit before tax	**£7.2m**	**£16.1m**	***(55.3%)***
Net (debt)/cash	**(£18.7m)**	**£13.5m**	***(£32.2m)***
ROCE[1]	**9.0%**	**20.0%**	***(1,100bp)***
EPS (basic)	**9.6p**	**22.0p**	***(56.4%)***
Dividend per share	**4.0p**	**5.0p**	***(20.0%)***

1 Return on capital employed is calculated based on earnings before interest and tax and exceptional items (EBIT), expressed as a percentage of the average of opening and closing net assets for the prior 12 months after deducting deferred tax and cash and cash equivalents net of borrowings.

Gleeson Homes:

- 769 homes sold (H1 22/23: 894) reflecting the conditions experienced across the market
- Underlying net selling prices on open-market sales increased by 1.6% compared to H1 22/23
    - Reported average selling prices reduced by 0.8% to £185,000 (H1 22/23: £186,400) as a result of the discounts on multi-unit sales and changes in mix
- Operating profit £10.2m (H1 22/23: £18.2m)
- Administrative expenses reduced by 11.7% to £24.8m (H1 22/23: £28.1m) following completion of the organisational restructure in FY23
- Gross margin 24.5% (H1 22/23: 27.7%)
- Three new sites opened (H1 22/23: three sites opened)
- Land pipeline* 18,168 plots (June 2023: 17,375 plots)

* Pipeline refers to plots on sites either purchased or contracted to purchase subject to planning.

Gleeson Land:

- One land sale completed (H1 22/23: one land sale)
- Completion of the final four phases of a previously sold site
- Four sites being marketed or in a sales process (H1 22/23: five sites)
- Successfully secured planning permission on four sites (H1 22/23: four sites)
- One new site added to the portfolio (H1 22/23: one site)
- Portfolio of 70 sites (June 2023: 70 sites)

Current trading and outlook:

- The Group is seeing encouraging signs of a recovery in demand.
- Net reservation rates were 0.50 in the 5 weeks to 9 February 2024 (5 weeks to 10 February 2023: 0.46).
- With our refreshed product range and broader marketing strategy now widely rolled out, the Company remains confident in delivering results for the year in line with expectations and reaffirms its medium term targets as outlined at the 2023 Capital Markets Day.

A presentation by Graham Prothero, CEO, and Stefan Allanson, CFO, which will also be webcast, will be held at 9:30am today.

To attend virtually by webcast, access via the following link:
https://stream.brrmedia.co.uk/broadcast/65aa4d0fc5ec665c02ed19bf

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This announcement is released by MJ Gleeson plc and contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 (MAR), and is disclosed in accordance with the Company's obligations under Article 17 of MAR. Upon the publication of this announcement, this information is considered to be in the public domain.

For the purposes of MAR and Article 2 of Commission Implementing Regulation (EU) 2016/1055, this announcement is being made on behalf of the Company by Stefan Allanson, Chief Financial Officer.

LEI: 21380064K7N2W7FD6434

About MJ Gleeson:
MJ Gleeson plc comprises two divisions: Gleeson Homes and Gleeson Land.

Gleeson Homes is the leading low-cost, affordable housebuilder. Its two-bedroom homes start from circa £100,000. Gleeson's vision is "Building Homes. Changing Lives", prioritising areas where people need affordable housing the most. Our aim is to ensure that on all of our developments, a material proportion of the homes are affordable to a couple earning the National Living Wage. Buying a Gleeson home typically costs less than renting a similar property. All Gleeson homes are traditional brick built semi or detached homes. Gleeson offers a wide mix of two, three and four bedroom layouts.

Gleeson Land is the Group's land promotion division, which identifies development opportunities and works with stakeholders to promote land through the residential planning system.

As a high-quality, affordable housebuilder, Gleeson has strong and inherent sustainability credentials. Its social purpose underpins the Company's strategy, and Gleeson measures itself closely against UN SDGs 5, 8, 11, 12, 13 and 15.

More details on the Company's sustainability approach can be found at: mjgleesonplc.com/sustainability

CHIEF EXECUTIVE'S STATEMENT

The Group's revenue for the first half of this financial year reflects the challenges experienced by the housing market as well as the wider macroeconomic conditions over the period.

Net reservations during the half year period remained low at 0.41 per site per week, compared to 0.36 per site per week in the half year to 31 December 2022. We are encouraged that early signs of recovery in buyer confidence are emerging, with net reservations per site over the last five weeks up 9% on the same period last year.

Net reservations per site per week		
	Six months to 31 December	Five weeks to 9 February
FY24	0.41	0.50
FY23	0.36	0.46

Gleeson Homes entered the second half of the year with a strong forward order book of 586 plots. Underlying net selling prices on open market sales held up well, increasing by 1.6% during the period with incentives and discounts at lower levels than anticipated. Our refreshed product ranges and broader marketing strategy are now widely rolled out, and position us well to benefit from returning buyer confidence.

Whilst we expect that the market will improve over the coming months, supported by reductions in interest rates, the pace of recovery remains uncertain and we continue to maintain a cautious outlook. It also remains to be seen what impact the general election will have on the strength of recovery this year.

As outlined in our recent trading update, additional costs relating to a number of older sites, along with the impact of current market conditions including extended site durations, sales incentives and multi-unit sales, have impacted full year gross margins.

As anticipated, we ended the period with net debt of £18.7m, which reflected both an increase in build activity on sites and the investment in bringing forward a higher proportion of home starts before June 2023, with the cash impact expected to unwind over the next two years.

The restructuring of Gleeson Homes operations completed in June 2023 is delivering the expected full year cost savings and we continue to tightly manage overheads whilst ensuring capacity to invest for a return to strong rates of growth.

Progress in partnerships

We have received considerable interest from a number of potential partners, attracted by the quality of our homes and developments and the value in our affordable selling prices. We are looking at several specific opportunities across all regions.

Quality and affordability

Delivering a high-quality and affordable product is fundamental, and we have worked hard to prioritise our customers' experience. I am pleased that we have seen a return to our five star customer recommendation score following the dip in the year ended 30 June 2023. Our focus in this area has produced an improvement across all aspects of our customer feedback and we are maintaining a strong focus on enhancing the critical measures of condition at handover and remediation of defects, which will embed a continuing positive response. Buying a Gleeson Home is often the single largest financial commitment of our customers' lives and we are committed to meeting their expectations.

Mortgage rates have stabilised and have now started to fall whilst rental costs have continued to increase. The cost of owning a Gleeson home is now significantly lower than the cost of renting[1], and the benefits of home ownership are clear. A Gleeson home continues to be affordable for a couple earning the National Living Wage (which will increase by 9.8% on 1 April 2024), without requiring additional support.

[1] Based on similar houses with the same number of bedrooms and in the same regions as a Gleeson Home

Gleeson homes are also highly energy efficient, using around half the energy required to heat and power than existing housing stock and our customers benefit from the financial savings as well as the health and wellbeing benefits of living in a modern, well insulated home.

We continue to work with lenders and Homes England to offer affordable products to our customers, and have introduced new shared ownership offerings on selected sites. These products will be important in continuing to help first time buyers onto the property ladder and will sit alongside other products to support our customers.

Planning, sites and growth

The planning system continues to be very poor, with under-resourced planning departments meaning that an average site is now taking more than two years to achieve planning consent. The government has downgraded local housing targets, as confirmed in the recently revised NPPF, further weakening the critical obligation on local authorities to make land available for much-needed new homes.

Despite these challenges, our land teams, both in Gleeson Homes and Gleeson Land, have an excellent track record and both businesses boast strong pipelines.

Gleeson Homes pipeline continues to grow and now includes 101 sites with a potential for 11,759 plots expected to open over the next few years. Whilst the number of sales outlets are expected to remain flat next year, following the pause in committing to new site openings, we thereafter expect a return to growth by opening more sales outlets each year than we close.

Gleeson Land successfully secured planning permission on four new sites. Disappointingly, four sites were refused planning, of which three were through appeal. It is the intention to continue to promote these sites through the local plan process.

In Gleeson Land, it is encouraging that the investment we made in technology is beginning to show promise with more leads being identified and secured at the land bid stage. We will continue to leverage this technology to secure new sites and grow the pipeline. We are appraising the impact of the NPPF changes on the portfolio and will adapt our approach and timing on some sites; however we do not anticipate that this will cause any significant write-downs.

Selling prices, build costs and margin

Gross open market selling prices on reserved homes continued to increase during the period. In line with the market, we also offered sales incentives in order to stimulate sales activity, leading to underlying net selling prices on reservations being unchanged compared with net selling prices on reservations during the first half last year. As market conditions improve, we anticipate there will be opportunities to reduce the levels of discounts and incentives offered, whilst continuing to achieve selected price increases.

The sale of homes under multi-unit agreements, at a discount to market prices, reduced the Group’s average margins on homes sales this period and for the remainder of the life of those sites, and will therefore continue to affect the margin on sales in the next financial year.

We have seen an easing of build cost inflation in some areas, but costs have remained higher than anticipated in other areas. The additional costs on older sites closing within the next 18 months will affect margins on sales this financial year and next.

We continue to buy sites that meet our gross margin hurdle at 30% on land bids and expect to restore margins over the medium term.

A sustainable proposition

I am proud that a working couple on the National Living Wage can afford to buy a high-quality home on any one of our developments. We use this benchmark of affordability to deliver on our vision of “Building Homes. Changing Lives” and our mission of “Changing lives by building affordable, quality homes, where they are needed, for the people who need them most”. This supports UN Sustainable Development Goal 11 (“Sustainable cities and communities”) to provide access for all to “safe and affordable housing”.

In August 2023, we committed to the Science Based Targets initiative (SBTi) to set both a near-term and a long-term carbon reduction target. This affirms our ambitions to deliver direct climate action through the decarbonisation of our operations, supply chain and in-use emissions. We have made significant progress during the period in developing our plan for carbon reduction and intend to submit our targets to the SBTi by the end of the calendar year. We will announce specific targets once we have had these validated, and report against them in future periods.

We are already taking steps to switch to lower carbon materials, where viable, such as using concrete bricks or reconstituted stone rather than kiln-fired clay bricks, installing air source heat pumps, and reducing fuel use on sites through improved forklift and generator technology.

In response to the Future Homes Standard and changes in Building Regulations, we are now installing air source heat pumps in all of the homes we commenced building after 15 June 2023 which means that our homes will be net-zero ready in preparation for the UK Grid being decarbonised by 2035.

We also continue to make good progress against our biodiversity strategy, which is focused on improving the local wildlife and ecosystems on and around our developments. Despite the often highly biodiverse nature of brownfield sites compared to greenfield, we are well prepared to meet the biodiversity net gain (BNG) requirements.

Finally, we are proud to have retained our accreditation from the Fair Tax Foundation again this year. We remain the only listed housebuilder to be accredited with the Fair Tax Mark, which certifies that we pay our fair share of tax in the right place, at the right time and are honest and transparent in our disclosures.

Building safety

In February 2023, the Group entered into the long form agreement with the Department for Levelling Up, Housing and Communities (DLUHC) self-remediation terms. In September 2023, the Group also joined the government's Responsible Actors Scheme, which forms a collective commitment to remediate buildings over 11 metres with life-critical fire safety issues.

The Group remains firmly committed to remediating life-critical fire safety issues on the 17 buildings over 11 metres in which it was involved in developing over the last 30 years.

We are actively pursuing investigative work on these buildings, including intrusive surveys and fire risk assessments. On a number of buildings, we expect to commence remedial works imminently.

A provision of £12.8m was in place at 30 June 2023 in respect of the 17 buildings which had been identified as requiring remediation works, of which £0.2m has been utilised during the period, reducing the balance to £12.6m at 31 December 2023. We conduct regular reviews of the provision, taking into account the most recent inspections and any other relevant information, and are satisfied that this provision remains appropriate.

Financial Performance

Group results

Revenue decreased 11.4% to £151.5m (H1 22/23: £171.0m) with gross profit decreasing 23.2% to £37.8m (H1 22/23: £49.2m). The Group's operating profit decreased 47.6% to £8.8m (H1 22/23: £16.8m). Following a net interest charge of £1.5m (H1 22/23: £0.7m), profit before tax decreased 55.3% to £7.2m (H1 22/23: £16.1m).

The tax charge for the period was £1.6m (H1 22/23: £3.3m) reflecting an effective rate of 22.7% (H1 22/23: 20.4%). The profit after tax for the period was £5.6m (H1 22/23: £12.8m).

Total shareholders' equity was £287.2m at 31 December 2023 compared to £278.0m at 31 December 2022. This equates to net assets per share of 492.0 pence (31 December 2022: 476.5 pence).

The Group had net debt at 31 December 2023 of £18.7m (30 June 2023: net cash of £5.2m). This was driven by an increase in build activity on sites and the significant investment in bringing forward a higher proportion of home starts before June 2023 and the cash impact of this is expected to unwind over the next two years.

The Group's £135m borrowing facility was drawn by £18.7m at the period end (30 June 2023: £nil), split between an overdraft balance of £5.7m and borrowings of £13.0m.

Gleeson Homes

Revenue decreased 14.6% to £142.3m (H1 22/23: £166.7m), as a result of the reduced number of homes sold.

The average selling price for homes sold in the period decreased 0.8% to £185,000 (H1 22/23: £186,400), reflecting underlying selling price increases of 1.6% offset by the impact of multi-unit sales and changes in site, bed and garage mix.

Despite the division entering the year with a strong forward order book, the weaker conditions experienced across the housing market during 2023 impacted total homes sold. As a result, 14.0% fewer homes were sold in the period, at 769 homes (H1 22/23: 894 homes sold).

Of the 769 homes sold during the half-year, 22% were sold under multi-unit sale agreements with four carefully selected partners (FY23: 7%, H1 22/23: nil%).

Gross profit on homes sold decreased 24.3% to £34.9m (H1 22/23: £46.1m), partly due to the reduction in the number of homes sold and partly due to lower gross margin. Gross margin on homes sold in the period was 24.5% (H1 22/23: 27.7%) reflecting additional costs relating to a number of sites closing within the next 18 months, along with the cumulative impact of extended site durations, sales incentives and multi-unit sales, reflecting market conditions.

Administrative expenses decreased 11.7% to £24.8m (H1 22/23: £28.1m), reflecting reduced headcount as a result of the restructuring of Gleeson Homes' operations undertaken in the previous financial year.

Operating margin on homes sold decreased 370 basis points to 7.2% (H1 22/23: 10.9%), with operating profit falling 44.0% to £10.2m (H1 22/23: £18.2m) as a result of the gross profit and margin decreases.

The division purchased eight sites during the period (H1 22/23: three sites). The pipeline of owned plots decreased during the period by a net seven plots to 7,667. The total pipeline of owned and conditionally purchased plots increased to 18,168 plots on 177 sites at 31 December 2023 (30 June 2023: 17,375 plots on 173 sites). During the period, 16 new sites were added to the pipeline (contracted to purchase subject to planning permission), whilst 12 sites were completed or did not proceed to purchase. Our land pipeline represents over 10 years of home sales.

Site openings were paused between October 2022 and June 2023 in response to the market slowdown at that time. Whilst we have returned to site acquisition and site opening, the impact of this pause resulted in a reduction in active site numbers. Gleeson Homes opened three new sites during the first half and was building on 76 sites at 31 December 2023 (31 December 2022: 87 sites) and selling from 64 active sales outlets (31 December 2022: 68 sites).

The division entered the second half with a forward order book of 586 plots (30 June 2023: 665 plots, 31 December 2022: 319), of which 503 are expected to complete in the second half.

By the end of this financial year, the division expects to be building on approximately 80 sites (June 2023: 82) and actively selling on approximately 60 sites (June 2023: 71).

Gleeson Land

The division completed one land sale in the first half (H1 22/23: one). In addition, completion of the final four phases of a site sold in 2018/19 was brought forward at the request of the developer. The division reported a gross profit for the period of £2.9m (H1 22/23: £3.1m).

Overheads of £1.9m (H1 22/23: £1.7m) reflect the investment in executing the division's growth strategy. As a result, operating profit for the first half was £1.0m (H1 22/23: £1.4m).

One site was being actively progressed for sale at 31 December 2023, which has the potential to deliver 87 plots (31 December 2022: three sites being actively progressed, 1,342 plots). A further three sites were being marketed with the potential to deliver 300 plots (31 December 2022: two sites being marketed, 305 plots).

At 31 December 2023, there were nine sites in the portfolio with either planning permission or a resolution to grant permission for a total of 1,660 plots (30 June 2023: six sites, 1,400 plots).

Planning permission or resolution to grant was achieved on four sites during the period. Disappointingly, permission was refused on four sites, of which three were applications through appeal. It is the intention to promote these sites through the local plan process.

There are a further 11 sites where the division is currently awaiting a decision on planning applications or appeals (30 June 2023: 18 sites).

We have reviewed the portfolio in respect of the changes to the National Planning Policy Framework (NPPF). This is likely to delay some planning strategies, reducing the benefit of the appeal route, but does not imply any significant write-downs. We are experienced in navigating these complexities and have extensive expertise in promoting sites through the local plan process.

We continue to invest in the Gleeson Land portfolio. One high-quality site was secured in the period, with the potential to deliver 104 plots. Agreements on a number of other well-located sites are currently being progressed.

At 31 December 2023, the portfolio, in which the Group has a beneficial interest of 84%, comprised 70 sites with the potential to deliver 17,574 plots (30 June 2023: 70 sites, 17,831 plots).

Dividends

Considering these results and the immediate outlook, the Board is declaring an interim dividend of 4.0 pence per share (H1 22/23: 5.0 pence per share). The Company's policy of covering total full year dividends with earnings between three and five times remains in place.

The interim dividend will be paid on 2 April 2024 to shareholders on the register at close of business on 1 March 2024.

Summary & Outlook

The Group is seeing encouraging signs of a recovery in demand.

Net reservation rates at Gleeson Homes were 0.50 in the 5 weeks to 9 February 2024 (5 weeks to 10 February 2023: 0.46).

The Company remains confident in delivering results for the year in line with expectations and reaffirms its medium term targets as outlined at the July 2023 Capital Markets Day.

Graham Prothero
Chief Executive

Condensed Consolidated Income Statement
for the six months to 31 December 2023

	Note	**Unaudited Six months to 31 December 2023 £000**	Unaudited Six months to 31 December 2022 £000	Audited Year to 30 June 2023 £000
Revenue		**151,463**	170,999	328,319
Cost of sales		**(113,639)**	(121,832)	(238,228)
Gross profit		**37,824**	49,167	90,091
Administrative expenses		**(29,230)**	(32,578)	(57,974)
Other operating income		**166**	232	420
Operating profit		**8,760**	16,821	32,537
Analysed as:				
Underlying operating profit		**8,760**	16,821	33,559
Exceptional items		**-**	-	(1,022)
Finance income		**90**	99	191
Finance expenses		**(1,622)**	(846)	(2,261)
Profit before tax		**7,228**	16,074	30,467
Analysed as:				
Underlying profit before tax		**7,228**	16,074	31,489
Exceptional items		**-**	-	(1,022)
Profit before tax		**7,228**	16,074	30,467
Tax	*3*	**(1,638)**	(3,281)	(6,298)
Profit for the period		**5,590**	12,793	24,169
Earnings per share				
Basic	*5*	**9.60 p**	21.97 p	41.49 p
Diluted	*5*	**9.59 p**	21.95 p	41.47 p
Basic – pre-exceptional items	*5*	**9.60 p**	21.97 p	42.89 p
Diluted – pre-exceptional items	*5*	**9.59 p**	21.95 p	42.86 p

Condensed Consolidated Statement of Comprehensive Income
for the six months to 31 December 2023

	Unaudited Six months to 31 December 2023 £000	Unaudited Six months to 31 December 2022 £000	Audited Year to 30 June 2023 £000
Profit for the period	**5,590**	**12,793**	24,169
Other comprehensive income/(expense)			
Items that may be subsequently reclassified to profit or loss			
Change in value of shared equity receivables at fair value	**116**	**(267)**	(148)
Other comprehensive income/(expense) for the period, net of tax	**116**	**(267)**	(148)
Total comprehensive income for the period	**5,706**	**12,526**	24,021

Condensed Consolidated Statement of Financial Position
at 31 December 2023

	Note	**Unaudited 31 December 2023 £000**	Unaudited 31 December 2022 £000	Audited 30 June 2023 £000
Non-current assets				
Property, plant and equipment		**10,874**	9,537	11,206
Trade and other receivables		**-**	141	51
Deferred tax assets		**1,127**	1,183	797
		12,001	10,861	12,054
Current assets				
Inventories	*6*	**358,051**	326,793	344,626
Trade and other receivables		**8,372**	22,033	13,947
UK corporation tax		**872**	512	542
Cash and cash equivalents	*7*	**-**	13,485	5,159
		367,295	362,823	364,274
Total assets		**379,296**	373,684	376,328
Non-current liabilities				
Trade and other payables	*9*	**(6,634)**	(10,934)	(8,171)
Provisions	*8*	**(5,733)**	(7,328)	(8,206)
		(12,367)	(18,262)	(16,377)
Current liabilities				
Loans and borrowings	*7*	**(13,000)**	-	-
Bank overdraft	*7*	**(5,736)**	-	-
Trade and other payables	*9*	**(53,389)**	(71,481)	(68,662)
Provisions	*8*	**(7,558)**	(5,960)	(5,273)
		(79,683)	(77,441)	(73,935)
Total liabilities		**(92,050)**	(95,703)	(90,312)
Net assets		**287,246**	277,981	286,016
Equity				
Share capital	*10*	**1,167**	1,166	1,167
Share premium		**15,843**	15,843	15,843
Own shares	*10*	**(469)**	(751)	(743)
Retained earnings		**270,705**	261,723	269,749
Total equity		**287,246**	277,981	286,016

Condensed Consolidated Statement of Changes in Equity
for the six months to 31 December 2023

	Note	Share capital £000	Share premium £000	Own shares £000	Retained earnings £000	Total equity £000
At 1 July 2022 (audited)		1,166	15,843	(471)	255,638	272,176
Profit for the period		-	-	-	12,793	12,793
Other comprehensive expense		-	-	-	(267)	(267)
Total comprehensive income for the period		-	-	-	12,526	12,526
Purchase of own shares		-	-	(295)	-	(295)
Utilisation of own shares		-	-	15	(15)	-
Share-based payments		-	-	-	652	652
Movement in tax on share-based payments taken directly to equity		-	-	-	(82)	(82)
Dividends		-	-	-	(6,996)	(6,996)
Transactions with owners, recorded directly in equity		-	-	(280)	(6,441)	(6,721)
At 31 December 2022 (unaudited)		1,166	15,843	(751)	261,723	277,981
Profit for the period		-	-	-	11,376	11,376
Other comprehensive income		-	-	-	119	119
Total comprehensive income for the period		-	-	-	11,495	11,495
Share issue		1	-	-	-	1
Purchase of own shares		-	-	(35)	-	(35)
Utilisation of own shares		-	-	43	(43)	-
Share-based payments		-	-	-	(959)	(959)
Movement in tax on share-based payments taken directly to equity		-	-	-	444	444
Dividends		-	-	-	(2,911)	(2,911)
Transactions with owners, recorded directly in equity		1	-	8	(3,469)	(3,460)
At 30 June 2023 (audited)		**1,167**	**15,843**	**(743)**	**269,749**	**286,016**
Profit for the period		**-**	**-**	**-**	**5,590**	**5,590**
Other comprehensive income		**-**	**-**	**-**	**116**	**116**
Total comprehensive income for the period		**-**	**-**	**-**	**5,706**	**5,706**
Purchase of own shares		**-**	**-**	**(79)**	**-**	**(79)**
Utilisation of own shares		**-**	**-**	**353**	**(353)**	**-**
Share-based payments		**-**	**-**	**-**	**554**	**554**
Movement in tax on share-based payments taken directly to equity		**-**	**-**	**-**	**297**	**297**
Dividends		**-**	**-**	**-**	**(5,248)**	**(5,248)**
Transactions with owners, recorded directly in equity		**-**	**-**	**274**	**(4,750)**	**(4,476)**
At 31 December 2023 (unaudited)		**1,167**	**15,843**	**(469)**	**270,705**	**287,246**

Condensed Consolidated Statement of Cash Flow
for the six months to 31 December 2023

	Unaudited Six months to 31 December 2023 £000	Unaudited Six months to 31 December 2022 £000	Audited Year to 30 June 2023 £000
Operating activities			
Profit before tax	**7,228**	16,074	30,467
Depreciation of property, plant and equipment	**2,354**	1,819	3,972
Share-based payments	**554**	652	(307)
Profit on redemption of shared equity receivables	**(139)**	(172)	(285)
(Decrease)/increase in provisions including exceptional items	**(188)**	(100)	91
Loss on disposal of property, plant and equipment	**146**	13	305
Finance income	**(90)**	(99)	(191)
Finance expenses	**1,622**	853	2,261
Operating cash flows before movements in working capital	**11,487**	19,040	36,313
Increase in inventories	**(13,425)**	(39,911)	(57,744)
Decrease in receivables	**6,100**	11,537	19,337
Decrease in payables	**(17,185)**	(750)	(7,490)
Cash used in operating activities	**(13,023)**	(10,084)	(9,584)
Tax paid	**(2,002)**	(552)	(2,770)
Finance costs paid	**(2,045)**	(782)	(2,066)
Net cash flow deficit from operating activities	**(17,070)**	(11,418)	(14,420)
Investing activities			
Proceeds from disposal of shared equity receivables	**508**	582	1,279
Interest received	**13**	4	7
Purchase of property, plant and equipment	**(1,479)**	(1,832)	(4,441)
Net cash flow deficit from investing activities	**(958)**	(1,246)	(3,155)
Financing activities			
Increase of loans and borrowings	**13,000**	-	-
Net proceeds from issue of shares	**-**	-	1
Purchase of own shares	**(79)**	(295)	(330)
Dividends paid	**(5,248)**	(6,996)	(9,907)
Principal element of lease payments	**(540)**	(324)	(794)
Net cash flow surplus/(deficit) from financing activities	**7,133**	(7,615)	(11,030)
Net decrease in cash and cash equivalents	**(10,895)**	(20,279)	(28,605)
Cash and cash equivalents at beginning of period	**5,159**	33,764	33,764
Bank (overdraft)/cash and cash equivalents at end of period	**(5,736)**	13,485	5,159

Notes to the Condensed Consolidated Financial Statements
for the six months to 31 December 2023

1. Basis of preparation and accounting policies

This condensed consolidated interim financial report ("the Interim Report") for the six months ended 31 December 2023 has been prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006. The Interim Report has been prepared on the basis of the policies set out in the Annual Report and Accounts for the year ended 30 June 2023 and in accordance with Accounting Standard IAS 34 "Interim financial reporting" and the Disclosure Guidance and Transparency Rules sourcebook of the UK's Financial Conduct Authority. The Interim Report does not constitute financial statements as defined in Section 434 of the Companies Act 2006 and is neither audited nor reviewed.

The interim financial statements need to be read in conjunction with the consolidated financial statements for the year ended 30 June 2023, which were prepared in accordance with UK-adopted International Financial Reporting Standards. A copy of the Annual Report and Accounts for the year ended 30 June 2023 is available either on request from the Group's registered office, 6 Europa Court, Sheffield Business Park, Sheffield, S9 1XE, or can be downloaded from the corporate website, www.mjgleesonplc.com.

The comparative figures for the financial year ended 30 June 2023 are not the Group's statutory accounts for that financial year. Those accounts have been reported on by the auditors of the Company and the Group and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters which the auditor drew attention to by way of emphasis without qualifying their report and (iii) did not contain statements under Section 498 (2) or (3) of the Companies Act 2006.

During the period, the Group has adopted the following new and revised standards and interpretations that have had no material impact on these condensed consolidated financial statements:

- Amendments to IAS 1, IAS 8 and IAS 12.

The preparation of condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may subsequently differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 June 2023.

The accounting policies, method of computation, and presentation adopted are consistent with those of the Annual Report and Accounts for the year ended 30 June 2023.

Going concern

In July 2023, the Group renegotiated its committed facility with Lloyds Bank plc and Santander UK plc. The facility has a limit of £135m (previously £105m), which expires in October 2026 with two further optional one-year extensions. At 31 December 2023, the Group's net debt balance was £18.7m (30 June 2023: net cash of £5.2m).

The Group's financial forecasts reflect a cautious view on the outlook based on current market conditions and the degree of macro economic risk.

These forecasts have been subject to a range of sensitivities including a severe but plausible scenario together with the likely effectiveness of mitigating actions. The assessment considered the combined impact of a number of realistically possible, but severe and prolonged changes to principal assumptions from a downturn in the housing and land markets including:

- a reduction in Gleeson Homes volumes of approximately 20%;
- a permanent reduction in Gleeson Homes selling prices of 5%; and
- a delay on the timing of Gleeson Land transactions and a 15% fall in land values.

1. Basis of preparation and accounting policies *(cont.)*

Going concern (cont.)

Under these sensitivities, after taking certain mitigating actions, the Group continues to have a sufficient level of liquidity, operate within its financial covenants and meet its liabilities as they fall due.

Based on the results of the analysis undertaken, the Directors have a reasonable expectation that the Group has adequate resources available to continue in operation for the foreseeable future and operate in compliance with the Group's bank facilities and financial covenants. As such, the Interim Report for the Group has been prepared on a going concern basis.

2. Segmental analysis

The Group is organised into the following two operating divisions under the control of the Executive Board, which is identified as the Chief Operating Decision Maker as defined under IFRS 8 "Operating segments":

- Gleeson Homes
- Gleeson Land

The revenue in the Gleeson Homes segment relates to the sale of residential properties and ad hoc land sales. All revenue for the Gleeson Land segment relates to the sale of land interests. All of the Group's operations are carried out entirely within the United Kingdom. Segment information about the Group's operations is presented below:

	Note	**Unaudited Six months to 31 December 2023 £000**	Unaudited Six months to 31 December 2022 £000	Audited Year to 30 June 2023 £000
Revenue				
Gleeson Homes		**142,268**	166,662	320,848
Gleeson Land		**9,195**	4,337	7,471
Total revenue		**151,463**	170,999	328,319
Divisional operating profit				
Gleeson Homes		**10,197**	18,185	35,045
Gleeson Land		**986**	1,429	1,032
Exceptional items*		**-**	-	(1,022)
		11,183	19,614	35,055
Group administrative expenses		**(2,423)**	(2,793)	(2,518)
Finance income		**90**	99	191
Finance expenses		**(1,622)**	(846)	(2,261)
Profit before tax		**7,228**	16,074	30,467
Tax	3	**(1,638)**	(3,281)	(6,298)
Profit for the period		**5,590**	12,793	24,169

* Gleeson Homes restructuring expense for the year ended 30 June 2023.

2. Segmental analysis *(cont.)*

Balance sheet analysis of business segments:

	Unaudited 31 December 2023		
	Assets	**Liabilities**	**Net assets/ (liabilities)**
	£000	**£000**	**£000**
Gleeson Homes	**340,655**	**(68,437)**	**272,218**
Gleeson Land	**35,834**	**(1,864)**	**33,970**
Group activities	**2,807**	**(3,013)**	**(206)**
Net debt	**-**	**(18,736)**	**(18,736)**
	379,296	**(92,050)**	**287,246**

	Unaudited 31 December 2022		
	Assets	Liabilities	Net assets/ (liabilities)
	£000	£000	£000
Gleeson Homes	309,127	(87,827)	221,300
Gleeson Land	49,334	(3,651)	45,683
Group activities	1,738	(4,225)	(2,487)
Cash and cash equivalents	13,485	-	13,485
	373,684	(95,703)	277,981

	Audited 30 June 2023		
	Assets	Liabilities	Net assets/ (liabilities)
	£000	£000	£000
Gleeson Homes	326,722	(86,033)	240,689
Gleeson Land	43,207	(1,733)	41,474
Group activities	1,240	(2,546)	(1,306)
Cash and cash equivalents	5,159	-	5,159
	376,328	(90,312)	286,016

3. Tax

The results for the six months to 31 December 2023 include a tax charge of 22.7% of profit before tax (31 December 2022: 20.4%, 30 June 2023: 20.7%), representing the best estimate of the average annual effective tax rate expected for the full year, including residential property developer tax, applied to the pre-tax income for the six month period.

4. Dividends

	Unaudited Six months to 31 December 2023 £000	Unaudited Six months to 31 December 2022 £000	Audited Year to 30 June 2023 £000
Amounts recognised as distributions to equity holders:			
Final dividend for the year ended 30 June 2022 of 12.0p	**-**	6,996	6,996
Interim dividend for the year ended 30 June 2023 of 5.0p	**-**	-	2,911
Final dividend for the year ended 30 June 2023 of 9.0p	**5,248**	-	-
	5,248	6,996	9,907

On 14 February 2024 the Board approved an interim dividend of 4.0 pence per share at an estimated total cost of £2,332,000. The dividend has not been included as a liability as at 31 December 2023.

5. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

Earnings	**Unaudited Six months to 31 December 2023 £000**	Unaudited Six months to 31 December 2022 £000	Audited Year to 30 June 2023 £000
Profit for the period	**5,590**	12,793	24,169
Exceptional items	**-**	-	1,022
Tax on exceptional items	**-**	-	(210)
Profit for the period – pre-exceptional items	**5,590**	12,793	24,981

Number of shares	**Unaudited 31 December 2023 No. 000**	Unaudited 31 December 2022 No. 000	Audited 30 June 2023 No. 000
Weighted average number of ordinary shares for the purposes of basic earnings per share	**58,246**	58,230	58,246
Effect of dilutive potential ordinary shares:			
Share-based payments	**41**	58	41
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**58,287**	58,288	58,287

	Unaudited Six months to 31 December 2023 pence	Unaudited Six months to 31 December 2022 pence	Audited Year to 30 June 2023 pence
Basic earnings per share	**9.60**	21.97	41.49
Diluted earnings per share	**9.59**	21.95	41.47
Basic earnings per share – pre-exceptional items	**9.60**	21.97	42.89
Diluted earnings per share – pre-exceptional items	**9.59**	21.95	42.86

6. Inventories

	Unaudited 31 December 2023 £000	Unaudited 31 December 2022 £000	Audited 30 June 2023 £000
Land held for development	**112,191**	116,720	112,649
Work in progress	**245,860**	210,073	231,977
	358,051	326,793	344,626

Net realisable value provisions held against inventories at 31 December 2023 were £5,696,000 (31 December 2022: £6,462,000, 30 June 2023: £6,980,000). The amount of inventory write-down recognised as an expense in the period was £909,000 (31 December 2022: £955,000, 30 June 2023: £2,676,000) and the amount of reversal of previously recognised inventory write-down was £384,000 (31 December 2022: £41,000, 30 June 2023: £391,000). The cost of inventories recognised as an expense in cost of sales was £113,133,000 (31 December 2022: £120,673,000, 30 June 2023: £236,074,000).

7. Net (debt)/cash

	Unaudited 31 December 2023 £000	Unaudited 31 December 2022 £000	Audited 30 June 2023 £000
(Bank overdraft)/cash and cash equivalents	**(5,736)**	13,485	5,159
Bank borrowings	**(13,000)**	-	-
Net (debt)/cash	**(18,736)**	13,485	5,159
Lease liabilities	**(5,293)**	(4,109)	(5,144)
Net (debt)/cash including lease liabilities	**(24,029)**	9,376	15

At 31 December 2023, monies held by solicitors on behalf of the Group and included within cash and cash equivalents were £989,000 (31 December 2022: £872,000 30 June 2023: £1,150,000).

	Unaudited 31 December 2023				
	Cash and cash equivalents £000	**Borrowings £000**	**Cash/(debt) net of borrowings £000**	**Lease liabilities £000**	**Total £000**
Net cash/(debt) at 1 July 2023	5,159	-	5,159	(5,144)	15
Cash flows	(10,895)	(13,000)	(23,895)	656	(23,239)
New leases	-	-	-	(923)	(923)
Lease disposals	-	-	-	234	234
Finance expense	-	-	-	(116)	(116)
Net debt at 31 December 2023	**(5,736)**	**(13,000)**	**(18,736)**	**(5,293)**	**(24,029)**

8. Provisions

	Unaudited 31 December 2023			
	Dilapidations £000	**Building safety £000**	**Restructuring £000**	**Total £000**
As at 1 July 2023	699	12,750	30	13,479
Provisions made during the period	2	-	-	2
Provisions utilised during the period	-	(166)	(24)	(190)
As at 31 December 2023	**701**	**12,584**	**6**	**13,291**

	Unaudited 31 December 2023 £000	Unaudited 31 December 2022 £000	Audited 30 June 2023 £000
Current provisions	**7,558**	5,960	5,273
Non-current provisions	**5,733**	7,328	8,206
	13,291	**13,288**	**13,479**

Dilapidations

The dilapidations provision covers the Group's leased property estate. The expected provision needed at the end of each lease is recognised on a straight-line basis over the term of the lease. There is no material uncertainty in either the timing or amount.

8. Provisions *(cont.)*

Building safety
The building safety provision includes estimated costs to remediate life-critical fire-safety issues on buildings over 11 metres which the Group had some involvement in developing over the last 30 years. In February 2023, the Group entered into the long form agreement of the Department for Levelling Up, Housing and Communities (DLUHC) self-remediation terms following its initial pledge in April 2022.

A provision of £12.8m was in place at 30 June 2023 in respect of the 17 buildings which had been identified as requiring remediation works, of which £0.2m has been utilised during the period, reducing the balance to £12.6m at 31 December 2023. We conduct regular reviews of the provision, taking into account the most recent inspections and any other relevant information.

On a number of buildings, we expect to reach agreement and commence remedial works imminently.

9. Trade and other payables

Trade and other payables includes £10,850,000 of deferred payables on the purchase of land by the Gleeson Homes division (31 December 2022: £13,353,000), of which £2,787,000 is due in more than one year (31 December 2022: £7,895,000).

10. Share capital and reserves

	Unaudited 31 December 2023	Unaudited 31 December 2022	Audited 30 June 2023
Issued and fully paid 2p ordinary shares:			
Number	**58,381,973**	58,305,506	58,342,360
£000	**1,167**	1,166	1,167

Own shares reserve
The own shares reserve represents the cost of shares in MJ Gleeson plc purchased in the market or issued by the Company and held by the Employee Benefit Trusts ("EBT") on behalf of the Company in order to satisfy share-based payments and other share awards that have been granted by the Company.

	Unaudited 31 December 2023	Unaudited 31 December 2022	Audited 30 June 2023
Own shares held by the EBT			
Number	**115,018**	139,999	136,935
£000	**469**	751	743

11. Contingent liabilities

As set out in note 8, the Group is progressing its review of all of its historic building contracts for buildings over 11 metres in which, over the last 30 years, the Group had some involvement in developing. All of these buildings, including any external wall systems or cladding, were signed off by approved inspectors as compliant with the relevant building regulations at the time of their completion.

There are certain legacy activities of the Group where claims arise under historic contracts in Gleeson Construction Services Limited which were carried out in the ordinary course of activities.

The interim financial statements have been prepared based on currently available information and the current best estimate of the extent and future costs of work required, or in resolving known historic claims.

12. Related party transactions

There have been no material changes to the related party arrangements as reported in note 27 of the Annual Report and Accounts for the year ended 30 June 2023.

13. Seasonality

In common with the rest of the UK housebuilding industry, activity occurs all year round, although the trend of reservations usually means that Gleeson Homes' completions are higher in the second half of the year. There is no seasonality in the Gleeson Land division.

14. Group risks and uncertainties

The Directors consider that the principal risks and uncertainties which could have a material impact on the Group's performance remain consistent with those set out in the Strategic Report on pages 36 to 41 of the Annual Report and Accounts for the year ended 30 June 2023**.**

Statement of Directors' Responsibility
for the six months to 31 December 2023

The Directors confirm that, to the best of our knowledge, these condensed interim financial statements have been prepared in accordance with UK adopted IAS 34 "Interim financial reporting" and that the interim management report includes a fair review of information required by DTR 4.2.7 and DTR 4.28, namely:

a) an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
b) material related party transactions in the first six months and any material changes in the related party transactions described in the last annual report.

The Board

The Board of Directors of MJ Gleeson plc at 30 June 2023 and their respective responsibilities can be found on pages 104 to 110 of the MJ Gleeson plc Annual Report and Accounts for the year ended 30 June 2023. There have been no changes since that date.

By order of the Board

Stefan Allanson
Chief Financial Officer
14 February 2024