16 February 2023

MJ GLEESON PLC

Results for the half-year ended 31 December 2022

- Net reservations starting to recover | Demand for consented land remains strong
- Expect to deliver between 1,650 and 1,850 homes in FY2023, subject to pace of recovery
- Organisational restructuring under way to reinforce strong platform for sustainable growth

Graham Prothero, Chief Executive Officer, commented:

"I am delighted to have taken up my role as CEO and, as I continue to embed myself in the business, am hugely impressed with our talented and committed colleagues, our excellent product, exciting land pipeline and, above all, our team's enthusiasm for our ethos of "Building Homes. Changing Lives." We have an exciting opportunity to take Gleeson to the next level by delivering sustainable growth over the medium-term, across both our Homes and Land divisions.

At the same time as managing through the lower levels of current market demand, I want to ensure that the Group is in the best possible shape to take advantage of the recovery which we are beginning to see early signs of. Building on the strong platform I have inherited, my focus is on optimising our organisational structure and making us more operationally efficient and fit for further growth. This will also result in significant annualised savings of circa £4 million.

In terms of guidance: confidence, underpinned by improved mortgage rates, is slowly returning to the market, evidenced by improving net reservations. With full-year volumes dependent on the pace of recovery, we now expect to deliver between 1,650 and 1,850 homes."

	H1 22/23	**H1 21/22**	***Change***
Revenue			
Gleeson Homes	£166.7m	£150.2m	*11.0%*
Gleeson Land	£4.3m	£23.3m	*(81.5%)*
Total	**£171.0m**	**£173.5m**	***(1.4%)***
Operating profit by division			
Gleeson Homes	£18.2m	£22.5m	*(19.1%)*
Gleeson Land	£1.4m	£5.5m	*(74.5%)*
Profit before tax	**£16.1m**	**£24.7m**	***(34.8%)***
Cash net of borrowings	**£13.5m**	**£38.2m**	***(64.7%)***
ROCE[1]	**20.0%**	**22.9%**	***(290bp)***
EPS (basic)	**22.0p**	**34.4p**	***(36.0%)***
Dividend per share	**5.0p**	**6.0p**	***(16.7%)***

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:

- 894 homes sold (H1 21/22: 932), reflecting the lower forward order book at the start of the year and weaker sales following the mini-budget
- Average selling price up 15.6% to £186,400 (H1 21/22: £161,200)
    - Underlying selling prices up 11.2%
- Operating profit decreased 19.1% to £18.2m (H1 21/22: £22.5m)
- Three new sites opened (H1 21/22: eight sites opened)
- Land pipeline remains strong at 16,561 plots (June 2022: 16,814 plots)
- Site acquisition, site starts and build activity being carefully managed to maintain growth ambition as market demand recovers
- Restructuring operations to support future growth

Gleeson Land:

- Senior leadership strengthened with appointment of Guy Gusterson to lead future growth
- One land sale completed (H1 21/22: three land sales)
- Three sites in an active sales process (H1 21/22: no sites in a sales process) with strong levels of demand and pricing remaining firm
- A further two sites being marketed (H1 21/22: three sites)
- Successfully secured planning permission on four sites (H1 21/22: none)
- One new site added to the portfolio (H1 21/22: three sites added)
- Portfolio of 71 sites (June 2022: 71 sites)

Current trading and outlook:

- Net reservations in the last four weeks have doubled from the low levels seen before Christmas but remain below the levels typically seen this time of the year
- The Company has narrowed its full year completions target to between 1,650 and 1,850 homes

A presentation by Graham Prothero, CEO and Stefan Allanson, CFO, which will also be webcast, will be held at 9:00am today. To attend virtually:

- by webcast, access via the following link: https://stream.brrmedia.co.uk/broadcast/63cab7fb777efd4a8b51386d
- by telephone, please dial-in using the below details:
    - Number: +44 (0) 33 0551 0200
    - Code: Gleeson Half Year Results

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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.

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About MJ Gleeson:
MJ Gleeson plc is the leading low-cost, affordable housebuilder listed on the London Stock Exchange. Gleeson Homes' customers are typically young, first-time buyers, with a median income of £26,000. Its two-bedroom homes start from around £115,000. Gleeson's vision is "Building Homes. Changing Lives", prioritising areas where people need affordable housing the most.

Buying a Gleeson Home typically costs less than renting a similar property. All Gleeson homes are traditional brick built semi or detached homes which include a driveway and front and rear gardens. 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

I was delighted to take up my role as Chief Executive Officer and, as I continue to visit all our sites and offices, I am even more impressed with our skilled and committed people, our excellent product, our exciting land pipeline, and the enthusiasm of the whole team for our ethos of "Building Homes. Changing Lives."

The Group's result for the first half of this financial year reflects the challenges posed by the macro-economic environment in the period, in particular during the second quarter.

Market volatility and the sharp increase in interest rates following the disastrous mini-budget reduced affordability and severely impacted buyer confidence, causing a significant slowdown in demand. Meanwhile, supply chain and inflationary pressures exacerbated by the war in Ukraine continue to put pressure on costs, although we are seeing some welcome mitigation in subcontract rates and certain material prices.

As well as tightly controlling recruitment and working capital in the current environment, we are making some key changes to our operating structure to ensure that we are well-positioned to grow the business as the market recovers. I look forward to discussing our medium and longer-term plans and targets in detail later this year.

We are encouraged that signs of a recovery in buyer confidence are evident, with reduced cancellations and increased gross reservations in the last four weeks resulting in net reservations doubling compared to the ten weeks before Christmas 2022. However, sales rates remain below those typically seen at this time of year.

Net reservations per site per week			
	Six weeks to mid-September	Ten weeks to Christmas	Four weeks to 10 February
FY23	0.51	0.25	0.50
FY22	0.47	0.43	0.91

Whilst the pace and strength of recovery over the coming months remains uncertain, having reviewed a number of scenarios, we are narrowing the range of our full year expectation to between 1,650 and 1,850 homes.

Reviewing our operating structure

In response to the macroeconomic challenges and consequent impact on sales volumes, the Group has taken a number of defensive measures focused on managing its working capital and costs. These include slowing build rates on certain sites in line with demand, delaying the opening of new sites, maintaining our strong discipline on land buying and freezing recruitment.

More importantly, we are reorganising the operating structure of Gleeson Homes to ensure that it is strongly positioned to continue its growth trajectory in a sustainable manner as market demand recovers. Six management teams will operate nine operating regions following the merging of a number of operating teams. The existing three division structure will be merged into two divisions, Northern and Central. Regional teams will be aligned onto a single operating structure, supported by lean and focused central services.

It is anticipated that these actions will incur a one-off cost of £2 million in the second half and will result in annualised cost savings of circa £4 million.

Affordability and quality

Whilst the sharp rise in interest rates during the period significantly increased mortgage costs, a Gleeson home continues to be affordable for a couple earning the National Living Wage (which will increase by 9.7% on 1 April 2023), without requiring Help to Buy support. Demand continues to be underpinned by the affordability of our homes and the critically undersupplied nature of our segment of the market. We are also increasingly selling to customers who would have previously bought a home from a more expensive developer, but who are attracted by Gleeson's affordable price points and high quality.

The cost of owning a Gleeson home remains lower than the cost of renting an equivalent property, and the advantages of home ownership – both economically and socially – remain clear. Gleeson homes are also highly energy efficient, requiring around half the energy to heat and power than existing housing and our customers therefore benefit from both the financial savings and 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, including through First Homes under the Government's early delivery programme and Deposit Unlock, an industry-led scheme guaranteeing the top slice of higher loan-to-value mortgages. These products will be important in continuing to help first time buyers onto the property ladder and will sit alongside other products, including shared ownership, to support our customers.

Meanwhile, we continue to support the delivery of a high-quality service to our customers through the digitisation of quality control on each plot and bringing enhanced visibility to each stage of the customer journey. In addition, during the period we invested significantly in our Customer Care team, moving to a regional model and recruiting 15 new Customer Relations Advisors and Regional Maintenance Technicians. Delivering a high-quality product at affordable price points remains a key priority for the business.

Planning

The recently announced consultation on planning reforms by the Department for Levelling Up, Housing and Communities (DLUHC) has led to further uncertainty within the planning system. Whilst the potential changes continue to be debated, the system remains chronically slow and frequently requires an "appeal led" approach to decision making. The proposed changes to the National Planning Policy Framework (NPPF) pose serious risks to the effective operation of the planning system in England and could adversely impact the delivery of new homes both now and for future generations.

Whilst the planning environment grows ever more challenging, our land teams, both in Gleeson Homes and Gleeson Land, have an excellent track record of successfully navigating sites through the process, including via appeal, and both businesses boast strong pipelines.

Build costs and availability

There have been further supply chain related challenges resulting from macroeconomic pressures, including those as a result of the war in Ukraine. We have managed the impact of these through the strong relationships that we have with our suppliers and subcontractors and through selective procurement. Nevertheless, build cost inflation over the last 12 months has been high at 10.3%, albeit largely offset in the first half by selling price increases.

Encouragingly, we are now starting to see subcontractor and some material costs beginning to reduce, as market activity slows down, and this will help to protect margins.

Building safety

Gleeson strongly agrees with the principle that leaseholders should not bear the costs or anxiety arising from the national cladding and fire safety crisis. In April 2022 the Group signed the building safety Pledge to the Department for Levelling Up, Housing and Communities (DLUHC). In doing so, the Group gave its commitment to remediate any life-critical fire-safety issues on buildings over 11 metres which it had any involvement in developing over the last 30 years. DLUHC published the agreed Self-remediation terms on 30 January 2023. The Company has informed DLUHC that it intends to enter into this agreement ahead of the deadline of 13 March 2023.

An exceptional provision of £12.9m was established by the Group in the prior year. As part of this, as previously announced, we are moving quickly to execute a programme of intrusive inspections and fire risk assessments. No further exceptional provisions are expected. The costs of the inspections incurred to date were included in the provision, of which £0.1m has been utilised, reducing the balance to £12.8m at 31 December 2022. For those buildings where intrusive inspections and fire risk assessments have been completed, we are commencing remediation works, with around half of the provision expected to be utilised over the next year. We conduct regular reviews of the provision, taking into account the most recent inspections and any other relevant information.

Along with all housebuilders, we have been subject to the additional 4% residential property developer tax (RPDT) from April 2022, which was designed to raise at least £2bn over a 10-year period towards the cost of dealing with defective cladding installed by other developers. We believe that through the Pledge and RPDT, housebuilders are contributing very strongly to the resolution of the cladding and fire-safety crises, and further taxes or levies on the industry would serve only to be detrimental to housing delivery.

Sustainability

Our mission to build affordable, quality homes where they are most needed and for the people that need them most continues to create social and economic value in deprived areas across the North of England and the Midlands. Our business model fundamentally supports the United Nation’s Sustainable Development Goal (UNSDG) 11 through providing access to safe and affordable housing, and in January 2023 we became the second UK housebuilder to join the United Nations Global Compact (UNGC), aligning our business to the 10 principles of the UNGC across human rights, labour, environment and anti-corruption.

As outlined in our 2021 Annual Report, we increased our scope 1 and 2 CO_2e reduction plans to 30% and set a target of no more than 1.75 tonnes per home sold by 2023. Our actions from the past few years had put us on track to achieve this intensity target but, as a result of the lower sales volume expected, we are unlikely to achieve the 1.75 tonnes target this year.

We do, however, continue to make significant progress in reducing total carbon emissions, including scope 3 in-use emissions for our homes:

- We are installing Air Source Heat Pumps (ASHP’s) in all new homes we commence building from July 2023 which, combined with modern insulation, are expected to achieve a significant reduction in carbon emissions when occupied.
- 6% of the homes we built in the period used concrete bricks or reconstituted concrete stone - which contains half the embedded CO_2e of clay bricks and reduces the embedded CO_2e in each home built by 4% - and we aim to build a quarter of our homes with concrete bricks next year.
- EV charging points were installed in 8% of the homes we sold in the period – and we aim to install these in 14% of the homes we sell over the next six months.

Combined with our high build quality and increased standards of insulation we expect our homes will, within the next few years, achieve a 69% improvement above the current standards for energy performance. This reflects our commitment to longer term sustainability goals, and we are targeting this without compromising quality or affordability.

We continue to make good progress with 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 embrace the spirit of prospective legislation, in particular the Environment Act 2021, and are examining a range of potential solutions.

As an inherently sustainable business, we remain committed to upholding the highest possible environmental standards. During the period, we appointed an experienced Senior Ecologist to provide ecological advice and guidance on our land purchases and planning applications. We also partnered with the Supply Chain Sustainability School, enabling us to upskill colleagues and work collaboratively with other housebuilders, contractors and suppliers to achieve common goals on areas such as climate action, resource use and biodiversity.

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

Financial Performance

Group results

Revenue decreased 1.4% to £171.0m (H1 21/22: £173.5m) with gross profit decreasing 3.3% to £49.2m (H1 21/22: £50.9m). The Group's operating profit decreased 33.3% to £16.8m (H1 21/22: £25.2m). Following a net interest charge of £0.7m (H1 21/22: £0.5m), profit before tax decreased 34.8% to £16.1m (H1 21/22: £24.7m).

The tax charge for the period was £3.3m (H1 21/22: £4.7m) reflecting an effective rate of 20.4% (H1 21/22: 19.0%). The profit after tax for the period was £12.8m (H1 21/22: £20.0m).

Total shareholders' equity was £278.0m at 31 December 2022 compared to £259.9m at 31 December 2021. This equates to net assets per share of 476.5 pence (31 December 2021: 445.8 pence).

The Group's net cash balance at 31 December 2022 decreased by £20.3m to £13.5m (30 June 2022: £33.8m), primarily driven by lower house sales and higher levels of build inventory.

The Group's £105m borrowing facility was undrawn at the period end.

Gleeson Homes

Revenue increased 11.0% to £166.7m (H1 21/22: £150.2m), with increased selling prices outweighing a fall in the number of homes sold.

The average selling price for homes sold in the period increased 15.6% to £186,400 (H1 21/22: £161,200), reflecting underlying selling price increases of 11.2%, a higher proportion of larger 4-bedroom homes sold, and good levels of customer extras, which are typically higher margin.

The division entered the year with a significantly lower forward order book than in prior years, reflecting our intentional management of sales releases to optimise both prices and the customer journey. Therefore, the slowdown in demand resulting from the mini-budget in September 2022 had a more pronounced impact on total homes sold. As a result, 4.1% fewer homes were sold in the period, at 894 homes (H1 21/22: 932 homes sold).

Of the 894 homes sold during the half-year, 47% were purchased using the Government's Help to Buy scheme (FY22: 53%, H1 21/22: 55%). Help to Buy closed for new applications in October 2022, with the final completions to be made in March 2023 for homes built by 31 January 2023. However, our homes remain affordable to low income buyers without the use of Help to Buy.

Gross profit on homes sold increased 5.0% to £46.1m (H1 21/22: £43.9m), driven by the increased revenue from higher selling prices. The gross margin on homes sold in the period was 27.7% (H1 21/22: 29.2%) reflecting build cost inflation of 10.3% and increased fixed site costs as site durations extended due to the slowdown. These costs were largely, albeit not entirely, offset by selling price increases.

Administrative expenses increased 29.5% to £28.1m (H1 21/22: £21.7m), reflecting investment in the business' operating structure, headcount and pay inflation which took place ahead of the market slowdown, including opening a ninth regional office in West Yorkshire. This office was fully operational from 1 July 2022.

Operating margin on homes sold decreased 410 basis points to 10.9% (H1 21/22: 15.0%), with operating profit falling 19.1% to £18.2m (H1 21/22: £22.5m) in line with the increased administrative expenses.

The division purchased three sites during the period (H1 21/22: seven sites). The pipeline of owned plots decreased during the period by a net 161 plots to 8,317. The total pipeline of owned and conditionally purchased plots was 16,561 plots on 168 sites at 31 December 2022 (30 June 2022: 16,814 plots on 160 sites). During the period, 19 new sites were added to the pipeline. Our land pipeline represents over eight years of home sales.

Gleeson Homes opened three new sites during the first half, meaning it was building on 87 sites at 31 December 2022 (31 December 2021: 83 sites) and selling from 68 active sites (31 December 2021: 60 sites).

The slowdown in demand during the period means that we enter the second half with a forward order book of 319 plots (30 June 2022: 618 plots, 31 December 2021: 616), of which 296 are expected to complete in the second half. In addition, as a result of the market slowdown and to preserve working capital we are pausing new site openings and do not currently anticipate opening any new build sites until the pace of recovery in demand is clearer.

By the end of the financial year, the division expects to be building on approximately 77 sites (June 2022: 87) and actively selling on approximately 65 sites (June 2022: 61).

Gleeson Land

The division completed one land sale in the first half (H1 21/22: three). As a result, operating profit for the first half was £1.4m (H1 21/22: £5.5m).

Three sites were being actively progressed for sale at 31 December 2022, which have the potential to deliver 1,342 plots (31 December 2021: no sites being progressed for sale). A further two sites were being marketed with the potential to deliver 305 plots (31 December 2021: three sites being marketed, 1,384 plots).

At 31 December 2022, there were six sites in the portfolio with either planning permission or a resolution to grant permission for a total of 1,525 plots (30 June 2022: three sites, 1,206 plots).

There are a further 16 sites where the division is currently awaiting a decision on planning applications or appeals (30 June 2022: 16 sites). The challenges in the planning system continue to mean there are a number of applications that are delayed or progressed via appeal. However, the team is experienced in navigating these challenges and has an excellent track record at appeal.

We continue to invest in the Gleeson Land portfolio. One high-quality new site was secured in the period, with the potential to deliver 450 plots. Agreements on a number of other well-located sites are currently being progressed.

At 31 December 2022, the portfolio, in which the Group has a beneficial interest of 83%, comprised 71 sites with the potential to deliver 18,775 plots (30 June 2022: 71 sites, 20,241 plots).

Dividends

Considering these results and the immediate outlook, the Board is declaring an interim dividend of 5.0 pence per share (H1 21/22: 6.0 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 3 April 2023 to shareholders on the register at close of business on 3 March 2023.

Board changes

On 31 December 2022, Dermot Gleeson stepped down after 47 years on the Board and 28 years as Chairman. James Thomson, former CEO, was appointed as non-executive Chairman and Chair of the Nomination Committee with effect from 1 January 2023.

On behalf of the Board, I would like to express our sincere thanks to Dermot for his extraordinary contribution to the Company. He leaves the business with a robust and clear vision, and a highly successful model to drive future growth.

Summary & Outlook

I could not be more excited to have joined Gleeson. Everything I have seen and everyone I have met confirms that it is a business with a strong platform and a great opportunity ahead of it.

We are beginning to see a tentative return of confidence to the market and expect demand for new homes to slowly recover through the year. Selling prices remain stable and net reservation rates have continued to improve from 0.25 per site per week for the ten weeks before Christmas to 0.50 per site per week in the last four weeks.

Whilst full year volumes will depend on the pace of the market's recovery, we currently expect to deliver between 1,650 and 1,850 homes.

We are implementing a reorganisation to optimise our structure, preparing the business for the next phase of growth. We are also controlling working capital and making operational savings to respond to the challenges posed by the current macroeconomic environment, and are ready to ramp up activity when required.

Looking beyond the current uncertainty in the market, the prospects for the Group are exciting and I look forward to discussing our medium and longer-term plans and targets in detail later this year.

Graham Prothero
Chief Executive

Condensed Consolidated Income Statement
for the six months to 31 December 2022

	Note	**Unaudited Six months to 31 December 2022 £000**	Unaudited Six months to 31 December 2021 £000	Audited Year to 30 June 2022 £000
Revenue		**170,999**	173,543	373,409
Cost of sales		**(121,832)**	(122,659)	(275,620)
Gross profit		**49,167**	50,884	97,789
Administrative expenses		**(32,578)**	(25,982)	(54,543)
Other operating income		**232**	310	684
Operating profit		**16,821**	25,212	43,930
Analysed as:				
Underlying operating profit		**16,821**	25,212	56,797
Exceptional items		**-**	-	(12,867)
Finance income		**99**	47	172
Finance expenses		**(846)**	(527)	(1,482)
Profit before tax		**16,074**	24,732	42,620
Analysed as:				
Underlying profit before tax		**16,074**	24,732	55,487
Exceptional items		**-**	-	(12,867)
Profit before tax		**16,074**	24,732	42,620
Tax	*3*	**(3,281)**	(4,690)	(7,531)
Profit for the period		**12,793**	20,042	35,089
Earnings per share				
Basic	*5*	**21.97 p**	34.38 p	60.23 p
Diluted	*5*	**21.95 p**	34.38 p	60.08 p
Basic – pre-exceptional items	*5*	**21.97 p**	34.38 p	78.12 p
Diluted – pre-exceptional items	*5*	**21.95 p**	34.38 p	77.92 p

Condensed Consolidated Statement of Comprehensive Income
for the six months to 31 December 2022

	Unaudited Six months to 31 December 2022 £000	Unaudited Six months to 31 December 2021 £000	Audited Year to 30 June 2022 £000
Profit for the period	**12,793**	**20,042**	35,089
Other comprehensive (expense)/income			
Items that may be subsequently reclassified to profit or loss			
Change in value of shared equity receivables at fair value	**(267)**	**32**	120
Movement in tax on share-based payments taken directly to equity	**-**	**49**	-
Other comprehensive (expense)/income for the period, net of tax	**(267)**	**81**	120
Total comprehensive income for the period	**12,526**	**20,123**	35,209

Condensed Consolidated Statement of Financial Position
at 31 December 2022

	Note	**Unaudited 31 December 2022 £000**	Unaudited 31 December 2021 £000	Audited 30 June 2022 £000
Non-current assets				
Property, plant and equipment		**9,537**	7,750	8,112
Trade and other receivables		**141**	8,261	5,051
Deferred tax assets		**1,183**	1,363	941
		10,861	17,374	14,104
Current assets				
Inventories	*6*	**326,793**	244,724	286,882
Trade and other receivables		**22,033**	19,808	29,243
UK corporation tax		**512**	4,941	3,565
Cash and cash equivalents	*7*	**13,485**	38,160	33,764
		362,823	307,633	353,454
Total assets		**373,684**	325,007	367,558
Non-current liabilities				
Trade and other payables	*9*	**(10,934)**	(4,248)	(9,703)
Provisions	*8*	**(7,328)**	(264)	(12,049)
		(18,262)	(4,512)	(21,752)
Current liabilities				
Trade and other payables	*9*	**(71,481)**	(60,539)	(72,291)
Provisions	*8*	**(5,960)**	(15)	(1,339)
		(77,441)	(60,554)	(73,630)
Total liabilities		**(95,703)**	(65,066)	(95,382)
Net assets		**277,981**	259,941	272,176
Equity				
Share capital		**1,166**	1,166	1,166
Share premium		**15,843**	15,843	15,843
Own shares		**(751)**	-	(471)
Retained earnings		**261,723**	242,932	255,638
Total equity		**277,981**	259,941	272,176

Condensed Consolidated Statement of Changes in Equity
for the six months to 31 December 2022

	Note	Share capital £000	Share premium £000	Own shares £000	Retained earnings £000	Total equity £000
At 1 July 2021 (audited)		1,165	15,843	-	227,923	244,931
Profit for the period		-	-	-	20,042	20,042
Other comprehensive income		-	-	-	81	81
Total comprehensive income for the period		-	-	-	20,123	20,123
Share issue		1	-	-	-	1
Purchase of own share		-	-	-	(30)	(30)
Share-based payments		-	-	-	746	746
Dividends		-	-	-	(5,830)	(5,830)
Transactions with owners, recorded directly in equity		1	-	-	(5,114)	(5,113)
At 31 December 2021 (unaudited)		1,166	15,843	-	242,932	259,941
Profit for the period		-	-	-	15,047	15,047
Other comprehensive income		-	-	-	39	39
Total comprehensive income for the period		-	-	-	15,086	15,086
Opening adjustment to own shares		-	-	(136)	136	-
(Purchase)/sale of own shares		-	-	(403)	30	(373)
Utilisation of own shares		-	-	68	268	336
Share-based payments		-	-	-	822	822
Movement in tax on share-based payments taken directly to equity		-	-	-	(128)	(128)
Dividends		-	-	-	(3,508)	(3,508)
Transactions with owners, recorded directly in equity		-	-	(471)	(2,380)	(2,851)
At 30 June 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**

Condensed Consolidated Statement of Cash Flow
for the six months to 31 December 2022

	Unaudited Six months to 31 December 2022 £000	Unaudited Six months to 31 December 2021 £000	Audited Year to 30 June 2022 £000
Operating activities			
Profit before tax	**16,074**	24,732	42,620
Depreciation of property, plant and equipment	**1,819**	1,571	3,124
Share-based payments	**652**	746	1,568
Profit on redemption of shared equity receivables	**(172)**	(246)	(375)
(Decrease)/increase in provisions including exceptional items	**(100)**	-	13,129
Loss on disposal of property, plant and equipment	**13**	101	403
Finance income	**(99)**	(47)	(172)
Finance expenses	**853**	527	1,482
Operating cash flows before movements in working capital	**19,040**	27,384	61,779
Increase in inventories	**(39,911)**	(4,763)	(46,921)
Decrease/(increase) in receivables	**11,537**	(1,555)	(8,165)
(Decrease)/increase in payables	**(750)**	(3,907)	13,244
Cash (used in)/generated from operating activities	**(10,084)**	17,159	19,937
Tax paid	**(552)**	(5,836)	(7,059)
Finance costs paid	**(782)**	(505)	(1,043)
Net cash flow (deficit)/surplus from operating activities	**(11,418)**	10,818	11,835
Investing activities			
Proceeds from disposal of shared equity receivables	**582**	852	1,566
Interest received	**4**	3	20
Purchase of property, plant and equipment	**(1,832)**	(1,677)	(3,684)
Net cash flow deficit from investing activities	**(1,246)**	(822)	(2,098)
Financing activities			
Net proceeds from issue of shares	**-**	1	1
Purchase of own shares	**(295)**	(30)	(403)
Dividends paid	**(6,996)**	(5,830)	(9,338)
Principle element of lease payments	**(324)**	(308)	(564)
Net cash flow deficit from financing activities	**(7,615)**	(6,167)	(10,304)
Net (decrease)/increase in cash and cash equivalents	**(20,279)**	3,829	(567)
Cash and cash equivalents at beginning of period	**33,764**	34,331	34,331
Cash and cash equivalents at end of period	**13,485**	38,160	33,764

Notes to the Condensed Consolidated Financial Statements
for the six months to 31 December 2022

1. Basis of preparation and accounting policies

This condensed consolidated interim financial report ("the Interim Report") for the six months ended 31 December 2022 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 2022 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 2022, 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 2022 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 2022 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 16, IAS 37 and IFRS 3, and the annual improvements to IFRS Standards 2019 to 2020.

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 2022.

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 2022.

Going concern

The Group has maintained its strong financial position and ended the period with cash balances of £13.5m (30 June 2022: £33.8m). The Group's committed club facility of £105m was undrawn. The Group's financial forecasts reflect current trading and outlook, including the impact of the last three months.

These forecasts have been subjected to a range of sensitivities including a severe but plausible scenario together with the likely effectiveness of mitigating actions. The assessment considered the 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 15%, reflecting a fall in net reservations from the current trading position;
- a sustained reduction in Gleeson Homes selling prices of 5%;
- a delay on the timing of Gleeson Land transactions and a reduction in land selling values.

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

Under these sensitivities, after taking 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 2022 £000**	Unaudited Six months to 31 December 2021 £000	Audited Year to 30 June 2021 £000
Revenue				
Gleeson Homes		**166,662**	150,251	334,571
Gleeson Land		**4,337**	23,292	38,838
Total revenue		**170,999**	173,543	373,409
Divisional operating profit				
Gleeson Homes		**18,185**	22,504	51,227
Gleeson Land		**1,429**	5,524	11,061
Exceptional items*		**-**	-	(12,867)
		19,614	28,028	49,421
Group administrative expenses		**(2,793)**	(2,816)	(5,491)
Finance income		**99**	47	172
Finance expenses		**(846)**	(527)	(1,482)
Profit before tax		**16,074**	24,732	42,620
Tax	3	**(3,281)**	(4,690)	(7,531)
Profit for the period		**12,793**	20,042	35,089

* Gleeson Homes – Building safety provision.

2. Segmental analysis *(cont.)*

Balance sheet analysis of business segments:

	Unaudited 31 December 2022		
	Assets £000	**Liabilities £000**	**Net assets £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**

	Unaudited 31 December 2021		
	Assets £000	Liabilities £000	Net assets £000
Gleeson Homes	232,823	(54,747)	178,076
Gleeson Land	51,995	(6,858)	45,137
Group activities	2,029	(3,461)	(1,432)
Cash and cash equivalents	38,160	-	38,160
	325,007	(65,066)	259,941

	Audited 30 June 2022		
	Assets £000	Liabilities £000	Net assets £000
Gleeson Homes	280,481	(85,170)	195,311
Gleeson Land	49,230	(5,869)	43,361
Group activities	4,083	(4,343)	(260)
Cash and cash equivalents	33,764	-	33,764
	367,558	(95,382)	272,176

3. Tax

The results for the six months to 31 December 2022 include a tax charge of 20.4% of profit before tax (31 December 2021: 19.0%, 30 June 2022: 17.7%), representing the best estimate of the average annual effective tax rate expected for the full year, applied to the pre-tax income of the six month period.

4. Dividends

	Unaudited Six months to 31 December 2022 £000	Unaudited Six months to 31 December 2021 £000	Audited Year to 30 June 2022 £000
Amounts recognised as distributions to equity holders:			
Final dividend for the year ended 30 June 2021 of 10.0p	**-**	5,830	5,831
Interim dividend for the year ended 30 June 2022 of 6.0p	**-**	-	3,507
Final dividend for the year ended 30 June 2022 of 12.0p	**6,996**	-	-
	6,996	5,830	9,338

On 15 February 2023 the Board approved an interim dividend of 5.0 pence per share at an estimated total cost of £2,911,000. The dividend has not been included as a liability as at 31 December 2022.

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 2022 £000**	Unaudited Six months to 31 December 2021 £000	Audited Year to 30 June 2022 £000
Profit for the period	**12,793**	20,042	35,089
Exceptional items	**-**	-	12,867
Tax on exceptional items	**-**	-	(2,445)
Profit for the year – pre-exceptional items	**12,793**	20,042	45,511

Number of shares	**Unaudited 31 December 2022 No. 000**	Unaudited 31 December 2021 No. 000	Audited 30 June 2022 No. 000
Weighted average number of ordinary shares for the purposes of basic earnings per share	**58,230**	58,290	58,259
Effect of dilutive potential ordinary shares:			
Share-based payments	**58**	2	145
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**58,288**	58,292	58,404

	Unaudited Six months to 31 December 2022 pence	Unaudited Six months to 31 December 2021 pence	Audited Year to 30 June 2022 pence
Basic earnings per share	**21.97**	34.38	60.23
Diluted earnings per share	**21.95**	34.38	60.08
Basic earnings per share – pre-exceptional items	**21.97**	34.38	78.12
Diluted earnings per share – pre-exceptional items	**21.95**	34.38	77.92

6. Inventories

	Unaudited 31 December 2022 £000	Unaudited 31 December 2021 £000	Audited 30 June 2022 £000
Land held for development	**116,720**	100,482	113,745
Work in progress	**210,073**	144,242	173,137
	326,793	244,724	286,882

Net realisable value provisions held against inventories at 31 December 2022 were £6,462,000 (31 December 2021: £7,690,000, 30 June 2022: £5,933,000). The amount of inventory write-down recognised as an expense in the period was £955,000 (31 December 2021: £2,553,000, 30 June 2022: £3,341,000) and the amount of reversal of previously recognised inventory write-down was £41,000 (31 December 2021: £143,000, 30 June 2022: £2,211,000). The cost of inventories recognised as an expense in cost of sales was £120,673,000 (31 December 2021: £121,933,000, 30 June 2022: £261,293,000).

7. Net cash/(debt)

	Unaudited 31 December 2022 £000	Unaudited 31 December 2021 £000	Audited 30 June 2022 £000
Cash and cash equivalents	**13,485**	38,160	33,764
Lease liabilities	**(4,109)**	(3,076)	(3,009)
Net cash/(debt)	**9,376**	35,084	30,755

At 31 December 2022, monies held by solicitors on behalf of the Group and included within cash and cash equivalents were £872,000 (31 December 2021: £3,033,000, 30 June 2022: £15,417,000).

	Unaudited 31 December 2022		
	Cash and cash equivalents £000	**Lease liabilities £000**	**Total £000**
Net cash/(debt) at 1 July 2022	33,764	(3,009)	30,755
Cash flows	(20,279)	394	(19,885)
New leases	-	(1,425)	(1,425)
Finance expense	-	(69)	(69)
Net cash/(debt) at 31 December 2022	**13,485**	**(4,109)**	**9,376**

8. Provisions

	Unaudited 31 December 2022		
	Dilapidations £000	**Building safety £000**	**Total £000**
As at 1 July 2022	521	12,867	13,388
Provisions made during the period	-	-	-
Provisions utilised during the period	-	(100)	(100)
As at 31 December 2022	**521**	**12,767**	**13,288**

	Unaudited 31 December 2022 £000	Unaudited 31 December 2021 £000	Audited 30 June 2022 £000
Current provisions	**5,960**	15	1,339
Non-current provisions	**7,328**	264	12,049
	13,288	**279**	**13,388**

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.

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. By signing the Department for Levelling Up, Housing and Communities' (DLUHC) Pledge, the Group has committed to put right life-critical fire-safety issues in relation to these buildings. DLUHC published the agreed Self-remediation terms on 30 January 2023. The Company has informed DLUHC that it intends to enter into this agreement ahead of the deadline of 13 March 2023.

8. Provisions *(cont.)*

In the prior year, an exceptional provision of £12,867,000 was established for remediation works. The Group is in the process of working with building owners to complete a programme of intrusive inspections and fire risk assessments and no further exceptional costs have been identified to date.

Further surveys have been carried out in the six months to 31 December 2022 and, as a result, £100,000 of the provision in relation to professional fees has been utilised, reducing the provision to £12,767,000 at 31 December 2022. For those buildings where intrusive inspections and fire risk assessments have been completed, we expect to commence remediation works in the next six months with around half of the provision expected to be utilised over the next year.

9. Trade and other payables

Trade and other payables includes £13,353,000 of deferred payables on the purchase of land by the Gleeson Homes division (31 December 2021: £9,678,000), of which £7,895,000 is due in more than one year (31 December 2021: £3,296,000).

10. 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 2022.

11. Seasonality

Reservations in Gleeson Homes are largely unaffected by seasonal variations and tend to be driven more by the timing of site openings than by seasonality. There is no seasonality in the Gleeson Land division.

12. 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 34 to 39 of the Annual Report and Accounts for the year ended 30 June 2022**.**

13. Subsequent events

Subsequent to 31 December 2022, changes are being made to the operating structure of the business and the Company has commenced consultation on that restructuring, which if implemented, is expected to cost around £2 million and generate annualised savings of circa £4 million.

Statement of Directors' Responsibility

for the six months to 31 December 2022

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 2022 and their respective responsibilities can be found on pages 86 to 91 of the MJ Gleeson plc Annual Report and Accounts for the year ended 30 June 2022. Subsequent to the publication of the Annual Report and Accounts, the following Board changes have taken place:

- Dermot Gleeson, non-executive Chairman, retired from the Board on 31 December 2022;
- James Thomson succeeded Dermot Gleeson as non-executive Chairman with effect from 1 January 2023; and
- Graham Prothero joined the Board as Chief Executive Officer with effect from 1 January 2023.

By order of the Board

Stefan Allanson
Chief Financial Officer
15 February 2023