18 September 2024

MJ Gleeson plc (GLE.L)

("Gleeson" or "the Group" or "the Company")

Audited results for the year ended 30 June 2024 ("FY2024")

Results in line with expectations as Gleeson Homes delivers a strong performance

Graham Prothero, CEO, commented:

"I am pleased to report a resilient financial performance, delivering results in line with expectations, and good progress against our strategic growth objectives.

Gleeson Homes exceeded expectations, completing the sale of 1,772 new homes and delivering an operating profit of over £30m. We have continued to invest in growth, building Gleeson Homes' pipeline of sites and total plots, and are now set to return to opening more sites each year than are completed, underpinning strong volume growth in future years.

Having outlined our strategy for growth last year, we are delighted to have signed Gleeson Homes' first partnership agreement during the year, followed by a second post-period end in August. Diversifying into partnerships will complement our open market business, reducing risk, enhancing efficiency and leveraging economies of scale while accelerating our growth.

We were also pleased that Gleeson Homes received a strong customer recommendation score of 95.3%, achieving five-star status in each of our six regions.

Profits in Gleeson Land were held back by the vagaries of the planning system, but the business has continued to implement its growth strategy, deepening its regional presence and embedding data and analytics throughout its processes. The business is now well positioned for growth, benefiting from a strong land pipeline and, with the election behind us, what is expected to be a more stable planning environment.

Looking ahead, we welcome the Government's proposed policy reforms with a focus on affordable housebuilding and planning reform, which should benefit both Gleeson Homes and Gleeson Land. Having spent the last year and a half on positioning the business for growth and introducing several related strategic initiatives, we now look forward to executing our strategy and delivering our growth target of 3,000 annual completions."

Group financial highlights	**2024**	**2023**	**Change**
Revenue			
Gleeson Homes	*£329.0m*	*£320.8m*	*2.6%*
Gleeson Land	*£16.3m*	*£7.5m*	*117.3%*
Total	**£345.3m**	**£328.3m**	**5.2%**
Operating profit by division			
Gleeson Homes[1]	*£30.3m*	*£35.0m*	*(13.4%)*
Gleeson Land	*£2.2m*	*£1.0m*	*120.0%*
Profit before tax and exceptional items	**£24.8m**	**£31.5m**	**(21.3%)**
Exceptional items	£nil	(£1.0m)	
Cash and cash equivalents	£12.9m	£5.2m	£7.7m
EPS (pre-exceptional items)[1]	33.1p	42.9p	(22.8%)
ROCE[2]	10.1%	13.0%	(290 bp)
Dividend per share (total)	11.0p	14.0p	(21.4%)

Divisional highlights

Gleeson Homes:

- 1,772 homes sold (2023: 1,723)
- Underlying[3] selling prices increased by 1.5%, with changes in mix resulting in a 0.3% reduction in average selling prices to £185,700
- Gross profit margin on homes sold of 24.1% (2023: 27.0%)
- Operating profit of £30.3m (2023: £35.0m pre-exceptional items, £34.0m post exceptional items)
- 79 build sites (30 June 2023: 82) of which 62 are actively selling (30 June 2023: 71)

- Net reservation rates for the year, excluding multi-unit sales[4], up 15.8% at 0.44 per site per week (2023: 0.38)
- Achieved five-star customer recommend status in each of our six regions
- Land pipeline up by 1,763 plots to 19,138 plots (2023: 17,375)

Gleeson Land

- Four sales completed under promotion agreements during the year (2023: three)
- Seven sites with planning or resolution to grant (2023: six)
- Portfolio: 71 sites (2023: 70) with the potential to deliver 16,911 plots (2023: 17,831)
- 11 sites awaiting a planning decision (2023: 18 sites)

Current trading and outlook

July's long-awaited reduction in interest rates undoubtedly raised confidence among customers. The Board is hopeful for a more stable economic outlook, notwithstanding the recent commentary from government, which, along with the expected cuts in interest rates and the availability of cheaper mortgages, should see buyer confidence continue to build over the coming months.

Gleeson Homes' net reservation rates have been improving and in the 10 weeks to 6 September 2024 was 0.50 per site per week compared with 0.39 per site per week over the comparable period last year, an increase of 28%. Cancellation rates were 0.11 per site per week compared with 0.10 per site per week over the comparable period last year.

With a number of sites close to achieving planning and in sale processes, Gleeson Land is expected to deliver an improved performance in FY2025.

In an improving market environment, the Company is confident that Gleeson Homes will meet market expectations[5] for the current year and, more importantly, fulfil an ambitious programme of site openings which, supplemented by a growing pipeline of partnership transactions, will drive the exciting growth planned for FY2026 and beyond.

In delivering our objective of 3,000 new homes per annum, the Company anticipates its profitability could broadly triple and the Company would resume its position as the fastest growing listed housebuilder in the UK.

[1] Stated before exceptional restructuring costs of £nil in 2024 and £1.0m in 2023. Basis EPS in 2023 was 41.5p per share.
[2] Return on capital employed is calculated based on earnings before interest, tax and exceptional items ("EBIT"), expressed as a percentage of the average of opening and closing net assets after deducting deferred tax and cash and cash equivalents net of borrowings
[3] Underlying selling price changes are based on average reported revenue changes on open market completions, on sites with completions in both the current and previous periods, adjusted for the effect of garage mix and bed mix
[4] A multi-unit sale is a sale of 5 or more properties to either a private investor or Registered Provider for affordable rent.
[5] Analyst consensus for FY2025 and FY2026 can be found at: https://www.mjgleesonplc.com/investors/analyst-coverage/

Analyst presentation

A presentation by Graham Prothero, CEO, and Stefan Allanson, CFO, will be held at 09:00 this morning at the offices of Hudson Sandler, 25 Charterhouse Square, London, EC1M 6AE.

The presentation will be webcast live, and is available via our website at www.mjgleesonplc.com/investors or via the following link: https://stream.brrmedia.co.uk/broadcast/66b9e567a0ca1675708f76e0.

About MJ Gleeson plc

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 £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 meaningful 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 approach to sustainability can be found at: www.mjgleesonplc.com/sustainability.

Enquiries:

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This announcement contains inside information. The person responsible for arranging the release of this announcement on behalf of the Company is Stefan Allanson, Chief Financial Officer.

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Chairman's Statement

Whilst it has been another challenging year for the sector as a whole, I'm pleased with the way in which the Group has responded. We've delivered a resilient set of results and have set the foundations to return to strong rates of growth when market confidence returns. Although we do not anticipate this to be immediate, I'm encouraged by the early signs, including the recent interest rate cut, improvement in mortgage rates and positive statements of intent from the new Government.

Strategy

Our strategy remains focused on addressing the country's need for high-quality new-build homes, and the resulting economic and social benefits. For Gleeson Homes, our vision of "Building Homes. Changing Lives" encapsulates this well, and perfectly aligns with the Government's commendable aspiration to grow the supply of high-quality, affordable new homes. At Gleeson Land, the team continues to focus on creating value for their landowner clients through the planning system: "Promoting Land. Unlocking value".

The Board remains committed to enabling the delivery of profitable growth via the strategy launched at last year's Capital Markets Day. During the year we were pleased to sign Gleeson Homes' first partnerships site, representing a diversification of our routes to market and accelerating our potential growth. Within the open market Gleeson Homes business, we have a clear route to 3,000 homes per annum in stable market conditions with Partnerships being additive to this target.

Our medium-term objective of 3,000 new homes per annum could see profitability broadly triple and Gleeson resume its position as the fastest growing listed housebuilder in the UK.

We are encouraged by the Government's proposed changes to the planning system, which have the potential to reduce the unpredictability and inefficiency which hampers the provision of much-needed new homes. For Gleeson Homes, it reinforces our strategy, emphasising the importance of building on brownfield land and the provision of affordable homes. For Gleeson Land, it will help secure planning where there is a mandatory housing requirement, and consequent growing demand from other developers for high-quality consented land.

Building safety

We have noted the report of the Grenfell Tower Inquiry and are deeply moved by its findings. The Group is wholly committed to remediating life-critical fire-safety issues as quickly as possible and have a dedicated full-time senior resource overseeing the management of building safety issues. Monthly update meetings are held by the Executive leadership team to ensure progress, with reports to every meeting of the Board.

We moved swiftly to contact all building owners and management companies and have continued to make progress in the assessment and remediation work required. In some cases, progress has been slower than we would have liked as some building owners and management companies have been unwilling to respond or to permit the required investigations. Our progress has been further slowed by the lack of capacity at the regulatory authorities, delaying the time it takes to obtain sign-off on proposed works. However, we will shortly complete works on the first buildings and are progressing as fast as we are permitted on others.

Status (by number of buildings)	30 June 2024	30 June 2023
Awaiting permission to access	3	6
In assessment	2	10
Design development	5	1
Procurement	2	0
On site	5	0
Total buildings	17	17

The overall provision has been reassessed and remains appropriate with total provisions of £12.4m held at 30 June 2024. The timing of expected cash spend reflects our desire to get this work completed as quickly as possible against the challenges in obtaining access to some buildings and completion of works.

People

I would like to thank all Gleeson colleagues for their commitment, hard work and resilience this year, ensuring we were able to deliver robust results in a tough environment. The positive results of our latest employee survey are testament to the engagement of our colleagues with continuing high levels of satisfaction. I am also pleased we achieved Gold accreditation from Investors in People. The hard work of our teams, and their commitment to our vision, mission and values underpins the delivery of our strategy.

Sustainability and our commitment to Science Based Targets

Our Sustainability Committee and the wider business are focused on our three pillars of sustainability: People, Communities and the Environment, with targets set and actively managed throughout the year. Gleeson Homes' core mission remains fully aligned with UN Sustainable Development Goal 11, the first target of which is "access for all to adequate, safe and affordable housing". This year we have examined how our developments can help in reducing crime, and our analysis of completed sites demonstrates a significant contribution, vividly illustrating the social value that building new homes in 'tough' areas can bring.

Following our commitment to set Science Based Targets last year, we are pleased to announce that we have submitted our near-term and net-zero targets for validation to the Science Based Targets initiative ("SBTi"). These targets align to the Paris Agreement's goal of limiting global warming to 1.5°C and are underpinned by comprehensive forecasts and a proposed route to achieve these ambitious goals.

Board

There have been no changes to the composition of the Board in the year. We carried out an externally facilitated review of the Board and its committees during the year, supported by an internal self-assessment at the year end. The conclusions from this evaluation were positive and helpful, and we believe the Board is well placed to support the development of the business.

Dividend

Subject to shareholder approval at the 2024 Annual General Meeting, in line with the Board's stated dividend policy, the Company intends to pay a final dividend of 7.0 pence per share on 22 November 2024, to shareholders on the register at the close of business on 25 October 2024. The total dividend for the year to 30 June 2024 will be 11.0 pence. The Board intends to maintain its current policy of an earnings to ordinary dividend cover ratio of between three and five times.

Outlook

The Board anticipates a more stable economic outlook notwithstanding the commentary from the new Government in recent weeks. This, along with the continued undersupply of low-cost affordable homes, the expected cuts in interest rates and the availability of cheaper mortgages, should see buyer confidence continue to build over the coming months.

Against this backdrop, the Group is well positioned for strong growth as demand returns.

James Thomson
Chairman
17 September 2024

Chief Executive's Statement

Overview

I am pleased to report a resilient financial performance, delivering results in line with expectations, and good progress against our strategic growth objectives.

Gleeson Homes exceeded expectations, completing the sale of 1,772 new homes and delivering an operating profit of over £30m. We have continued to invest in growth, building Gleeson Homes' pipeline of sites and total plots, and are now set to return to opening more sites each year than are completed, underpinning strong volume growth in future years.

Having outlined our strategy for growth last year, we are delighted to have signed Gleeson Homes' first partnership agreement during the year, followed by a second in August. Diversifying into partnerships will complement our open market business, reducing risk, enhancing efficiency and leveraging economies of scale while accelerating our growth.

We were also pleased to receive a strong customer recommendation score of 95.3%, achieving five-star status in each of our six regions.

Profits in Gleeson Land were held back by the vagaries of the planning system, but the business has continued to implement its growth strategy, deepening regional presence and embedding data and analytics throughout its processes. The business is now well positioned for growth, benefiting from a strong land pipeline and, with the election behind us, what is expected to be a more stable planning environment.

Looking ahead, we welcome the Government's proposed policy reforms with a focus on affordable housebuilding and planning reform, which should benefit both Gleeson Homes and Gleeson Land. Having spent the last year and a half on positioning the business for growth and introducing several related strategic initiatives, we now look forward to executing our strategy and delivering our growth target of 3,000 annual completions.

Group results

The Group generated revenue of £345.3m (2023: £328.3m) and delivered profit before tax of £24.8m (2023: £31.5m pre-exceptional items, £30.5m after exceptional restructuring costs of £1.0m).

The Group ended the year with cash and cash equivalents of £12.9m (2023: £5.2m) and continues to have a strong balance sheet and significant liquidity to invest in new sites and future growth.

<u>Gleeson Homes</u>

Net reservation rates including multi-unit sales for the full year remained flat at 0.52 (2023: 0.52) and excluding multi-unit sales increased from 0.38 to 0.44 per site per week. Cancellation rates reduced from 24% to 18%.

Gleeson Homes sold 1,772 homes (2023: 1,723), of which 346 were sold via private multi-unit sale agreements (2023: 115). Average selling prices decreased marginally by 0.3% to £185,700 (2023: £186,200) due to the impact of multi-unit sales and changes in the mix of homes sold, offset by underlying selling price increases of 1.5%.

Whilst inflationary pressures around material and labour costs eased during the financial year, we experienced an increase in costs on several legacy sites approaching closure. This, combined with the cumulative impact of extended site durations, additional use of sales incentives and multi-unit sales, resulted in a reduction in gross margin of 2.9% to 24.1% (2023: 27.0%).

The reduction in gross profit was partly offset by a reduction in administrative expenses following the restructuring of Gleeson Homes undertaken in the previous year, which resulted in an operating profit of £30.3m (2023: £35.0m before exceptional items, £34.0m after exceptional items).

The division enters the new financial year with a forward order book of 559 plots (31 December 2023: 586 plots, 30 June 2023: 665 plots).

Gleeson Homes opened 10 new build sites in the year and were building on 79 sites at 30 June 2024 (2023: 82 build sites). We have retained a healthy pipeline, with 179 sites at 30 June 2024 (2023: 173 sites), with our total number of plots increasing significantly to 19,138 plots (2023: 17,375 plots).

<u>Gleeson Land</u>

Gleeson Land generated an operating profit of £2.2m (2023: £1.0m) completing the sale of four sites under planning promotion agreements, with the potential to deliver 520 plots for housing development, and completed the final four phases of a legacy site sold in 2019.

The division ended the year with a strong portfolio, having seven sites consented or with resolution to grant, which have the potential to deliver 1,473 plots for housing development (2023: six sites, 1,400 plots), and a further 11 sites awaiting a planning decision or in appeal, with the potential to deliver 3,045 plots for housing development (2023: 18 sites, 4,285 plots).

The Gleeson Land business is well positioned for growth. Our investment in the team and technology this year is already yielding positive results through the identification of high-quality new sites and significantly strengthening our bid success rate on new sites. The new regional operating structure launched this year provides a more focused approach on further strengthening relationships with landowners and land agents in our target areas, as well as with local authorities and planning departments.

Gleeson Land's portfolio comprises 71 sites, with the potential to deliver 16,911 plots, and 25 acres of commercial land (2023: 70 sites, 17,831 plots, 25 acres of commercial land). The majority of these sites are held under promotion or option agreements.

The market

The UK housing market continued to face challenges this year with interest rates remaining high, political uncertainty and wider global instability all having an impact on buyer confidence. Mortgage availability, however, has improved and affordability remains healthy in our sector of the market.

It is encouraging to see the new Government moving quickly to implement important reforms in planning; the benefits of the changes to new housing supply will naturally depend upon the detail of the changes and, critically, how effectively they are implemented on the ground.

The average selling price of a Gleeson home at £185,700 is 34% lower than the average selling price of new build homes in our geographic regions at £281,000. Increases in the National Living Wage also mean that affordability has improved at the lower end of the market, and mortgage payments as a percentage of take-home pay remain low in the North of England at 27.9% relative to the UK average of 36.5%.

The UK's housing market continues to have a structural under-supply of new homes both to the private market and for social and affordable housing. In the North of England and the Midlands, 4.2 million households are renting, and there are a further 620,000 households on local authority waiting lists. This represents the significant demand both for affordable home ownership and supply through the private rental sector and Registered Providers.

We await the Government's announcements on new funding for Homes England and housing associations, with the market for both s106 affordable homes and further multi-unit sales currently stalled in many areas, directly holding back the supply of vital affordable new homes.

The market served by Gleeson Land for consented land is growing stronger, having seen some level of caution from major housebuilders earlier in the year. The demand for attractive, well-located sites with planning permission remains robust and it is pleasing to see demand returning from the major housebuilders.

Gleeson Land remains one of only two large land promoters in the UK whose interests are purely aligned to their landowners by maximising land value through open market sales, and not selling land to their housebuilding arm.

Strategic progress

We have a clear route to delivering 3,000 homes per annum over the medium term under our open-market model. Partnerships' is accretive to this strategy and will allow us to meet our target within a shorter time frame with approaching one fifth of Gleeson Homes sales being delivered from Partnership sites.

The impact of current market conditions and margin pressures will continue to be seen through FY2025, with net sales site additions expected to be relatively flat. The timing of site openings and closures means that average sales sites will be circa 5% lower. Additional multi-unit sales are anticipated in FY2025 which is expected to offset the impact of lower sales sites. From FY2026 onwards we expect to increase the number of Gleeson Homes sales sites by an average of 10 sites per year. As older sites are closed and the pace of development increases in an improving market, we expect operating margins to increase.

We have placed additional emphasis on increasing customer enquiries through a refreshed marketing strategy and have implemented sales excellence training in the year to ensure that we maximise conversion of enquiries to reservations and deliver the best possible customer service. During the year we began to realise the benefits of these initiatives enabling us to mitigate the impact of a challenging market and increase net reservation rates excluding multi-unit sales by 15.8% to 0.44 net reservations per site per week.

Gleeson Land is well placed to deepen its regional presence, leveraging the strength of its team and technological capability to become the country's pre-eminent land promoter.

As interest rates begin to fall and the Government's proposed reforms to planning start to take shape, we believe we are well placed to contribute to the much needed social and affordable housing provision which aligns to both our open-market and Partnerships' strategies.

Partnerships

We launched the Gleeson Partnerships brand under the Gleeson Homes business during the year and signed our first partnership deal in June 2024 with Home Group, with a further agreement signed with Citra Living in August 2024. The introduction of a partnerships capability will enable us to develop suitable sites on a 'capital-light' basis with partner funding contributing to the acquisition of the site and its required infrastructure. This will enable us to secure larger sites which are typically more efficient to develop through leveraging operating, marketing and sales synergies, economies of scale for materials and offering long-term certainty to subcontractors. The secured unit sales reduce market risk and the provision of forward funding on a partnership site reduces risk and leads to an improved return on capital.

While partnership deals have no impact on reported results for this financial year, we expect this brand to gain momentum in the year ahead before contributing more significantly to Group performance from FY2026. We also expect the scale of our partnership sites to increase over the coming years.

Current trading and outlook

We are encouraged by the Government's proposed and ambitious policy reforms. Alongside what we believe is an improving macro-economic outlook we anticipate further improvement in buyer confidence.

We have been seeing encouraging early signs of this, with reservations improving in the 10 weeks following year end. Gleeson Homes' net reservation rate for the 10 weeks to 6 September 2024 was 0.50 per site per week compared with 0.39 per site per week over the comparable period last year, an increase of 28%. Cancellation rates were 0.11 per site per week compared with 0.10 per site per week over the comparable period last year.

With several sites close to achieving planning and in sale processes, Gleeson Land looks forward to an improved performance in FY2025.

In an improving market, Gleeson Homes is confident of achieving market expectations for the current year and, more importantly, fulfilling an ambitious programme of site openings which, supplemented by a growing pipeline of partnership transactions, will drive the exciting growth planned for FY2026 and beyond.

Net reservations per site per week (excluding multi-unit sales)	10 weeks to 6 September 2024	10 weeks to 8 September 2023
Gross reservations	0.61	0.49
Cancellations	0.11	0.10
Net reservations	0.50	0.39

Graham Prothero
Chief Executive Officer
17 September 2024

Sustainability Review

Home ownership

Our strategy continues to support 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". A key element of this is ensuring affordability, and we are proud to say that a substantial proportion of the homes on each of our sites are affordable to a couple on the National Living Wage. This is underpinned by our commitment to build in areas which need regeneration, and this year 82% of the homes that we sold were either in the most deprived areas of the country or on brownfield land.

We recognise that home ownership may not be an option for some. We have continued to enter into multi-unit agreements in the year, and via our partnerships brand we are able to develop properties for private rental and social housing through carefully selected providers.

Build quality and customer service

We were pleased to receive a strong customer recommendation score of 95.3% (2023: 89.0%), achieving five-star status in each of our six regions. We worked hard throughout the year to improve our customer recommendation scores, particularly around point of handover and effectiveness in dealing with defects promptly.

Build quality remains a priority for us and we strive for continuous improvement. We are committed to meeting our customers' expectations for quality and excellent service throughout their homebuying journey.

People and health and safety

Our independently assessed people engagement score of 85% compared favourably to the industry benchmark of 80%, and we remain in the top quartile of all surveyed companies this year. We increased our response rate across the Group to an impressive 91%, reflecting the importance of the survey to both the business and our people. We took on board the feedback from the prior year survey and implemented a number of improvements in the year and will be responding to the latest feedback over the coming months. Emphasis continues to be placed on personal development and training, and on rewarding our colleagues appropriately for their roles.

We improved our health and safety score in the year with the number of reportable incidents reducing to three from six in the previous year. This gives us an AIIR score of 166, which is below the HBF average of 239. We continue to develop our policies, training and monitoring around health and safety, implementing new near-miss and safety observation software in the year and rolling out further mandatory training in key areas.

Climate, the environment and our commitment to Science Based Targets

Last year we committed to set Science Based Targets and, in June 2024, we submitted our targets to the SBTi for validation. The submission of targets for validation is a key milestone for the Group, demonstrating our ongoing commitment to decarbonise our operations, supply chain and the in-use emissions of our homes.

Our commitment will cover scope 1, 2 and 3 emissions, with near-term targets set for 2032, and a commitment to net-zero by 2050. As part of the target setting process, we carried out a detailed refresh of our emissions inventory and methodology, appointing an external adviser to provide assurance over the baseline and current year emissions.

We will announce our specific targets once we have received validation. However, we are pleased to report that our scope 1 & 2 emissions per completion reduced to 2.02 tonnes CO_2e per home sold (2023: 2.11 tonnes after restatement for revised methodology), with absolute emissions reducing from 3,629 to 3,575 tonnes CO_2 equivalent emissions.

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 and HVO fuel. We continue to assess changes proposed in respect of the Future Homes Standard, alternative materials and more efficient methods of construction. All new homes started after 15 June 2023 incorporate an air source heat pump in place of the gas boiler. Whilst this increases embodied emissions in the construction process, in-use emissions will be zero when the electricity generation grid is set to be decarbonised in 2035.

We are supportive of the measures to improve energy efficiency and our homes already have better energy performance ratings than most other homes, with 96% of our homes having an EPC "B" rating or above. As a result, customers benefit from living in an energy-efficient and well-insulated home, with the average Gleeson home requiring 49% less energy to heat and power than existing housing stock.

Business Review - Gleeson Homes

	2024	2023
Homes sold	1,772	1,723
Average selling price	£185,700	£186,200
Operating profit*	£30.3m	£35.0m
Operating margin*	9.2%	10.9%

*Stated before exceptional items in 2023

	2024	2023	2022	2021
Plots owned	7,420	7,674	8,478	7,930
Plots conditionally purchased	11,718	9,701	8,336	7,933
Total plots in pipeline	19,138	17,375	16,814	15,863

Results

Gleeson Homes completed the sale of 1,772 homes during the year (2023: 1,723), an increase of 2.8% on the previous year. Of the homes sold, 346 were sold via private multi-unit agreements (2023: 115).

Revenue increased by 2.6% to £329.0m (2023: £320.8m) due to the increase in homes sold partly mitigated by a reduction in the average selling price ('ASP') of homes sold during the year by 0.3% to £185,700 (2023: £186,200). This reduction was driven by a higher proportion of sales under multi-unit agreements at lower ASP, offset by changes in mix of site locations and house types and higher underlying selling prices which were up 1.5%.

Gross margin on homes sold decreased to 24.1% (2023: 27.0%) reflecting additional costs relating to a number of sites that are set to close within the next 18 months, increased fixed site costs as site durations extended due to the wider market downturn, the impact of higher multi-unit sales and the increased use of incentives to secure sales. Despite the increase in the volume of homes sold, the decrease in gross margin and the average selling price resulted in gross profit decreasing by 8.4% to £79.2m (2023: £86.5m).

Administrative expenses, which include sales and marketing costs, decreased by £2.6m to £49.2m (2023: £51.8m) driven by reduced headcount as a result of the restructuring of Gleeson Homes' operations undertaken in the previous financial year. Other operating income amounted to £0.3m (2023: £0.4m). Consequently, operating profit decreased by 13.4% to £30.3m (2023: £35.0m before exceptional costs) and operating margin decreased from 10.9% to 9.2%.

Market demand

The recovery from the slowdown in the housing market has been more gradual than anticipated. As a consequence Gleeson Homes' sales rate over the last six months were steady albeit less dynamic than expected due to deferred expectations around interest and mortgage rate reductions. Net reservation rates over the second half of the financial year, excluding multi-unit sales, averaged 0.50 per site per week, up 19% on the previous year but still below typical market conditions.

Interest rates now appear to have peaked, with the first reduction of 0.25% to 5.00% announced at the start of August, and we are anticipating an increase in demand for new homes as interest rates continue to reduce and consumer confidence returns. The change in government and aspirations for mandatory housing targets, planning reform and other measures to increase considerably the supply of new homes are welcomed.

Sites

Gleeson Homes opened 10 new build sites during the year and started the new financial year with 79 active build sites (2023: 82), of which 62 were actively selling (2023: 71). Whilst we increased our site openings from the prior year, which was when we paused land buying, the current challenges in the planning system meant that we were unable to open as many sites as intended. Our average active build sites and sales sites were 79 and 65 respectively (2023: 85 and 68).

Gleeson Homes' developments are located across the North of England and the Midlands, with plans to continue expanding in existing regions. The business expects to open more than 20 build sites during the new financial year and to be building on between 70 and 75 sites and selling on between 60 and 65 sites by 30 June 2025.

Pipeline

The pipeline of owned and conditionally purchased sites increased by 10.1% to 19,138 plots on 179 sites at 30 June 2024, representing over ten years of sales (2023: 17,375 plots on 173 sites). Of the total plots, 7,420 plots are owned (2023: 7,674 plots) and 11,718 plots have been conditionally purchased subject to receiving planning permission (2023: 9,701 plots).

During the year, 32 new sites were added to the pipeline, whilst 13 sites were completed and 13 sites did not proceed to purchase.

Partnership agreements

During the year we launched the Gleeson Partnerships brand within the Gleeson Homes division:

- Entered into an agreement with Home Group in June 2024 for delivery of 47 shared ownership and rented homes in Leeds, representing a third of total plots on site.
- Achieved Investment Partner status with Homes England, giving access to grant funding through their Affordable Homes Programme.
- Targeting partnership agreements in each of our six operating regions by June 2025.

In August 2024 Gleeson Homes entered into an agreement with Citra Living for the delivery of 58 single family rental homes in Bradford.

Business Review - Gleeson Land

	2024	2023
Sites sold	4	3
Plots sold	520	413
Gross profit	£5.3m	£3.6m
Operating profit	£2.2m	£1.0m

	2024	2023
Plots held under option	4,817	5,512
Plots held under promotion agreement	11,610	11,830
Plots held freehold	484	489
Total plots in portfolio	16,911	17,831

	2024	2023
Consented (including resolution to grant)	7	6
Awaiting planning	11	18
Allocated	5	6
Unallocated	48	40
Total sites in portfolio	71	70

Results

During the year, Gleeson Land completed the sale of four sites with residential planning permission for 520 plots (2023: three sites, 413 plots). All sites were sold under planning promotion agreements. In addition, completion of the final four phases of a legacy site sold in 2019 was brought forward at the request of the developer.

As a result, revenue from land sales increased to £16.3m (2023: £7.5m). The four sites sold in the year totalled 85 gross acres (2023: 55 acres). Total gross profit for the year was £5.3m (2023: £3.6m). Gross profit is stated after increases to inventory provisions of £3.3m during the year (2023: £1.1m increase) which reflects the outcome of planning decisions refused during the year and our assessment of the planning prospects for individual sites.

Overheads for the business increased to £3.1m (2023: £2.6m) reflecting the investment in executing the division's growth strategy. The increase in gross profit offset by the increase in overheads resulted in an operating profit for the division of £2.2m (2023: £1.0m).

Overall results were lower than expected largely driven by planning challenges accentuated by the general election and unhelpful revisions to the National Planning Policy Framework (NPPF) under the previous Government in December 2023. Despite this, we made progress on a number of sites and enter the current year with two sites in an active sales process and 11 sites awaiting planning approval. We are encouraged by the commitment from the Labour Government to start fixing the issues in the planning system and wider housing market.

Gleeson Land continues to invest for the future. We took the opportunity this year to strengthen the team, increasing headcount, regionalising the business, and improving operational systems and processes. In addition, we continued to invest in technology through our Research and Analytics team and this is already increasing our capability, particularly with regards to sourcing and securing high-quality new sites. This investment uniquely positions us for growth, supporting the strength of our bids on new sites and planning applications.

Planning

This year, Gleeson Land submitted planning applications on four sites with the potential to deliver 483 plots (2023: 11 sites, 2,014 plots), and achieved planning consent or resolution to grant on five sites.

As a result of the challenges in the planning system, we have had to take a more measured approach on planning submissions to maximise success rates on future sites which resulted in the lower number of applications submitted. Disappointingly, permission was refused on six sites, including five that went to appeal. It is the intention to continue to promote these sites through the local plan making process, however the outcome reflects the state of the current planning system, which is acting as a blocker to the supply of consented land and new housing development.

We ended the year with 11 sites awaiting a decision on planning applications or in appeal (2023: 18 sites). The business has a strong immediate pipeline, with seven sites either with planning permission or resolution to grant, with the potential to deliver 1,473 plots for housing development (2023: six sites, 1,400 plots).

Portfolio

During the year, five high-quality new sites (852 plots) were added to the portfolio, secured under planning promotion agreements.

At 30 June 2024, the business had a portfolio totalling 71 sites (2023: 70 sites) with the potential to deliver 16,911 plots (2023: 17,831 plots) plus 25 acres of commercial land (2023: 25 acres). The majority of the portfolio is held under option and promotion agreements with landowners, which provide the advantage of reduced capital investment up front and reduced risk arising from changes in land values.

The portfolio contains a mixture of sites with differing planning contexts, giving us the opportunity for both near-term and long-term growth. Our role in the housing supply chain is critical to unlocking development in areas of housing need. Our planning approach focuses on creating well-designed developments that enhance the community, meet local needs including affordable housing and, importantly, offer the benefits of green open space.

The business is now organised into three distinct operating regions; Southern, Western and Central. This structure enables us to focus on building stronger relationships with local landowners and land agents in those areas, as well as with local authorities and planning departments.

Our investment in technology and data has already yielded results, both through significantly increasing our bid success rate, and strengthening our due diligence on new sites. Ultimately this investment will lead to high-quality sites being secured that will enrich the portfolio and support future profit delivery and growth.

Financial Review

Introduction

Net reservation rates, excluding multi-unit sales, improved to 0.44 per site per week over the year (2023: 0.38), which, combined with higher multi-unit sales, delivered 2.8% volume growth in Gleeson Homes.

Margin pressures have been persistent, stemming from increased sales incentives, lower customer extras, a higher proportion of multi-unit sales and extended site durations. This was exacerbated part way through the year by additional costs on several older sites, which were brought to light following the organisational restructure last year.

Gleeson Homes has a clear pathway to reach its medium-term objective of delivering 3,000 homes per annum in a stable market environment by opening significantly more sites each year than it expects to complete. This trajectory will be accelerated through the addition of further partnership agreements.

Our medium-term objective of 3,000 new homes per annum could see profit before tax broadly triple and Gleeson resume its position as the fastest growing listed housebuilder in the UK.

Revenue

Group revenue increased 5.2% to £345.3m (2023: £328.3m) with increases in both Gleeson Homes and Gleeson Land.

Gleeson Homes' revenue increased by 2.6% to £329.0m (2023: £320.8m). The number of homes sold increased by 2.8% to 1,772 (2023: 1,723) despite the average number of selling sites, at 64.8, being slightly lower than the previous year (2023: 68.0 average selling sites). The average selling price ("ASP") at £185,700 was 0.3% lower than the previous year (2023: £186,200) driven by a higher proportion of multi-unit sales and a lower house-type mix largely offset by higher underlying selling prices which were up 1.5% and a higher site mix.

Gleeson Land completed the sale of four sites in the year (2023: three sites) as well as completing the sale of a further four phases of a legacy site sold in 2019. As a result, revenue increased by 117.3% to £16.3m (2023: £7.5m). A number of the disposals which had been expected to complete during the year were delayed due to planning. This resulted in certain land sales progressing more slowly than anticipated. However, we commence the new financial year in a strong position with seven sites with consent or resolution to grant (2023: six sites) and 11 sites awaiting a planning decision (2023: 18 sites).

Gross profit

Gross profit for the Group decreased by 6.2% to £84.5m (2023: £90.1m), with gross profit in Gleeson Homes decreasing by 8.4% to £79.2m (2023: £86.5m). The gross profit margin for Gleeson Homes decreased to 24.1% (2023: 27.0%) reflecting additional costs on a number of older sites, increased fixed site costs as site durations extended, the impact of multi-unit and affordable sales and the greater use of sales incentives.

Gleeson Land generated gross profit of £5.3m (2023: £3.6m) after increasing inventory provisions by £3.3m (2023: £1.1m increase in provisions).

Administrative expenses

Administrative expenses excluding exceptional costs reduced by £0.8m (1.4%) in the year to £56.2m (2023: £57.0m) reflecting reduced payroll costs, advertising spend and office costs following the operational restructuring of Gleeson Homes completed in June 2023.

Profit for the year

Group operating profit before exceptional items was £28.6m (2023: £33.6m), a 14.9% decrease on the prior year. This was due to the 13.4% decrease in operating profit in Gleeson Homes to £30.3m (2023: £35.0m) offset by an increase in Gleeson Land operating profit to £2.2m (2023: £1.0m). Group overheads were £3.9m (2023: £2.4m) as the prior year benefitted from the reversal of certain share based payment costs.

Net finance expenses increased in the year to £3.7m (2023: £2.1m) due to the impact of higher interest rates during the year and increased borrowings. As a result, the Group delivered profit before tax of £24.8m (2023: £31.5m pre-exceptional items, £30.5m post exceptional items).

Exceptional items

There were no exceptional costs in the year. The £1.0m exceptional cost in the prior year related to the operational restructuring of the Gleeson Homes business, consolidating the three divisions and nine regional management teams to two divisions and six regional management teams. The operational restructure was implemented to right-size the business and standardise our operations, creating the platform for well-controlled growth as the market returns.

Tax

The tax charge of £5.5m (2023: £6.3m) represents an effective tax rate of 22.3% against the headline rate of 25.0%. The most significant factor benefitting the Group's tax charge is land remediation relief, whereby relief is granted on an additional 50% of qualifying remediation expenditure. Many of our sites are on brownfield land and require significant remediation prior to use.

Included in the tax charge is £0.1m relating to residential property developers' tax ("RPDT"), which was effective from 1 April 2022 and applies to profit from residential property development activity on profits over £25.0m.

Profit after tax

Profit after tax for the year decreased 20.2% to £19.3m (2023: £24.2m). Pre-exceptional profit after tax decreased by 22.8% to £19.3m (2023: £25.0m).

Earnings per share

Basic earnings per share decreased by 20.2% to 33.1 pence (2023: 41.5 pence). Pre-exceptional basic earnings per share decreased by 22.8% to 33.1 pence (2023: 42.9 pence).

Return on capital employed

Return on capital employed decreased 290 basis points to 10.1% (2023: 13.0%) caused by the reduction in profit.

Balance sheet

During the year to 30 June 2024, shareholders' funds increased by 4.1% to £297.7m (2023: £286.0m). Net assets per share increased to 510 pence, an increase of 4.1% year on year (2023: 490 pence).

Non-current assets decreased during the year by 19.0% to £9.8m (2023: £12.1m). This was mostly due to a reduction in property, plant and equipment of £1.9m with a lower level of capital expenditure compared to the previous year.

Current assets increased by 1.1% to £368.2m (2023: £364.3m). As planned, the unwind of a large portion of the investment in substantial starts from last year was broadly matched by the investment in work in progress on sites, leaving inventories broadly flat at £345.2m (30 June 2023: £344.6m). Trade and other receivables decreased by £4.6m to £9.3m largely as a result of receipts of deferred monies in Gleeson Land of £6.4m and reduction in VAT receivables offset by an increase in completion monies due in Gleeson Homes at the end of the year. This was offset by an increase in cash and cash equivalents, which increased to £12.9m (2023: £5.2m).

Cash and bank facilities

The Group ended the year with cash and cash equivalents of £12.9m (2023: £5.2m). In July 2023, the Group successfully refinanced its club borrowing facility with Lloyds Bank plc and Santander UK plc. The facility was increased from £105m to £135m and extended to October 2026 plus two uncommitted one-year extension options. The increased facility provides the Group with the liquidity to invest in new sites and support Gleeson Homes growth plans.

Dividends

In line with the Board's stated dividend policy, the Company intends to pay a final dividend of 7.0 pence per share at a total cost to the Company of £4.1m. The dividend will be paid on 22 November 2024 to shareholders on the register at the close of business on 25 October 2024. Combined with the interim dividend of 4.0 pence per share paid in April 2024, the total dividend for the year will be 11.0 pence (2023: total dividend per share 14.0 pence) and is covered 3.0 times.

The Board intends to maintain an earnings to ordinary dividend cover ratio of between three and five times.

Stefan Allanson
Chief Financial Officer
17 September 2024

AUDITED CONSOLIDATED INCOME STATEMENT
for the year ended 30 June 2024

	2024 Total £000	2023 Pre-exceptional items £000	2023 Exceptional items (note 3) £000	2023 Total £000
Revenue	**345,345**	328,319	-	328,319
Cost of sales	**(260,811)**	(238,228)	-	(238,228)
Gross profit	**84,534**	90,091	-	90,091
Administrative expenses	**(56,233)**	(56,952)	(1,022)	(57,974)
Other operating income	**252**	420	-	420
Operating profit	**28,553**	33,559	(1,022)	32,537
Finance income	**109**	191	-	191
Finance expenses	**(3,813)**	(2,261)	-	(2,261)
Profit before tax	**24,849**	31,489	(1,022)	30,467
Tax	**(5,543)**	(6,508)	210	(6,298)
Profit for the year attributable to the equity holders of the parent	**19,306**	24,981	(812)	24,169
Earnings per share				
Basic	**33.13 p**	42.89 p		41.49 p
Diluted	**33.04 p**	42.86 p		41.47 p

AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2024

	2024 Total £000	2023 Pre-exceptional items £000	2023 Exceptional items (note 3) £000	2023 Total £000
Profit for the year	**19,306**	24,981	(812)	24,169
Other comprehensive income/(expense)				
Items that may be subsequently reclassified to profit or loss				
Change in fair value of shared equity receivables at fair value	**171**	(148)	-	(148)
Other comprehensive income/(expense) for the year (net of tax)	**171**	(148)	-	(148)
Total comprehensive income/(expense) for the year	**19,477**	24,833	(812)	24,021

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2024

	2024	2023
	£000	£000
Non-current assets		
Property, plant and equipment	**9,269**	11,206
Trade and other receivables	**243**	51
Deferred tax assets	**317**	797
	9,829	12,054
Current assets		
Inventories	**345,234**	344,626
Trade and other receivables	**9,283**	13,947
UK corporation tax	**767**	542
Cash and cash equivalents	**12,934**	5,159
	368,218	364,274
Total assets	**378,047**	376,328
Non-current liabilities		
Trade and other payables	**(6,614)**	(8,171)
Provisions	**(10,073)**	(8,206)
	(16,687)	(16,377)
Current liabilities		
Trade and other payables	**(60,594)**	(68,662)
Provisions	**(3,024)**	(5,273)
	(63,618)	(73,935)
Total liabilities	**(80,305)**	(90,312)
Net assets	**297,742**	286,016
Equity		
Share capital	**1,168**	1,167
Share premium	**15,843**	15,843
Own shares	**(456)**	(743)
Retained earnings	**281,187**	269,749
Total equity	**297,742**	286,016

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2024

	Share capital £000	Share premium £000	Own shares £000	Retained earnings £000	Total equity £000
At 1 July 2022	1,166	15,843	(471)	255,638	272,176
Profit for the year	-	-	-	24,169	24,169
Other comprehensive expense	-	-	-	(148)	(148)
Total comprehensive income for the year	-	-	-	24,021	24,021
Share issue	1	-	-	-	1
Purchase of own shares	-	-	(330)	-	(330)
Utilisation of own shares	-	-	58	(58)	-
Share-based payments	-	-	-	(307)	(307)
Movement in tax on share-based payments taken directly to equity	-	-	-	362	362
Dividends	-	-	-	(9,907)	(9,907)
Transactions with owners, recorded directly in equity	1	-	(272)	(9,910)	(10,181)
At 30 June 2023	**1,167**	**15,843**	**(743)**	**269,749**	**286,016**
Profit for the year	**-**	**-**	**-**	**19,306**	**19,306**
Other comprehensive income	**-**	**-**	**-**	**171**	**171**
Total comprehensive income for the year	**-**	**-**	**-**	**19,477**	**19,477**
Share issue	**1**	**-**	**-**	**-**	**1**
Purchase of own shares	**-**	**-**	**(106)**	**-**	**(106)**
Utilisation of own shares	**-**	**-**	**393**	**(393)**	**-**
Share-based payments	**-**	**-**	**-**	**218**	**218**
Movement in tax on share-based payments taken directly to equity	**-**	**-**	**-**	**(284)**	**(284)**
Dividends	**-**	**-**	**-**	**(7,580)**	**(7,580)**
Transactions with owners, recorded directly in equity	**1**	**-**	**287**	**(8,039)**	**(7,751)**
At 30 June 2024	**1,168**	**15,843**	**(456)**	**281,187**	**297,742**

AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 30 June 2024

	2024 £000	2023 £000
Operating activities		
Profit before tax	**24,849**	30,467
Depreciation of property, plant and equipment	**4,621**	3,972
Share-based payments	**218**	(307)
Profit on redemption of shared equity receivables	**(182)**	(285)
(Decrease)/increase in provisions including exceptional items	**(382)**	91
Loss on disposal of property, plant and equipment	**466**	305
Finance income	**(109)**	(191)
Finance expenses	**3,813**	2,261
Operating cash flows before movements in working capital	**33,294**	36,313
Increase in inventories	**(608)**	(57,744)
Decrease in receivables	**4,224**	19,337
Decrease in payables	**(9,323)**	(7,490)
Cash generated from/(used in) operating activities	**27,587**	(9,584)
Tax paid	**(5,572)**	(2,770)
Finance costs paid	**(4,029)**	(2,066)
Net cash flow surplus/(deficit) from operating activities	**17,986**	(14,420)
Investing activities		
Proceeds from disposal of shared equity receivables	**678**	1,279
Interest received	**31**	7
Purchase of property, plant and equipment	**(2,039)**	(4,441)
Net cash flow deficit from investing activities	**(1,330)**	(3,155)
Financing activities		
Net proceeds from issue of shares	**1**	1
Purchase of own shares	**(106)**	(330)
Dividends paid	**(7,580)**	(9,907)
Principal element of lease payments	**(1,196)**	(794)
Net cash flow deficit from financing activities	**(8,881)**	(11,030)
Net increase/(decrease) in cash and cash equivalents	**7,775**	(28,605)
Cash and cash equivalents at beginning of period	**5,159**	33,764
Cash and cash equivalents at end of period	**12,934**	5,159

NOTES TO THE FINANCIAL INFORMATION
for the year ended 30 June 2024

1. Accounting policies

Statement of compliance
The Group Financial Statements have been prepared and approved by the directors in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

Notes on the preliminary statement
The financial information set out above does not constitute the Group's statutory accounts for the years ended 30 June 2024 ("2024") or 30 June 2023 ("2023"), but is derived from those accounts. Statutory accounts for 2023 have been delivered to the Registrar of Companies, and those for 2024 will be delivered in due course. The auditors have reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Cautionary statement
This Report contains certain forward-looking statements with respect to the financial condition, results, operations and business of MJ Gleeson plc. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. Nothing in this Report should be construed as a profit forecast.

Directors' liability
Neither the Company nor the Directors accept any liability to any person in relation to this Report except to the extent that such liability could arise under English law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with section 90A of the Financial Services and Markets Act 2000.

Basis of preparation
The accounting policies adopted in the preparation of these accounts are consistent with those described in 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, which expires in October 2026 with two further uncommitted one year extension options.

The Group ended the year with cash and cash equivalents of £12.9m (30 June 2023: £5.2m).

Current forecasts are based on the latest budget and plan approved by the Board in July 2024. This reflected a cautious view on the trading outlook based on the current market conditions and the degree of macro-economic risk.

These forecasts were then 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:

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

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 Company and the Group have 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 financial statements for the Company and the Group have 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

All of the Group's operations are carried out entirely within the United Kingdom. Segmental information about the Group's operations is presented below:

	2024 Total	2023 Pre-exceptional items	2023 Exceptional items (note 3)	2023 Total
	£000	£000	£000	£000
Revenue				
Gleeson Homes	**329,006**	320,848	-	320,848
Gleeson Land	**16,339**	7,471	-	7,471
Total revenue	**345,345**	328,319	-	328,319
Divisional operating profit				
Gleeson Homes	**30,301**	35,045	(1,022)	34,023
Gleeson Land	**2,151**	1,032	-	1,032
	32,452	36,077	(1,022)	35,055
Group administrative expenses	**(3,899)**	(2,518)	-	(2,518)
Group operating profit	**28,553**	33,559	(1,022)	32,537
Finance income	**109**	191	-	191
Finance expenses	**(3,813)**	(2,261)	-	(2,261)
Profit before tax	**24,849**	31,489	(1,022)	30,467
Tax	**(5,543)**	(6,508)	210	(6,298)
Profit for the year	**19,306**	24,981	(812)	24,169

All revenue in the Gleeson Homes segment relates to the sale of residential properties. There was no revenue recognised in respect of partnership arrangements during the year to 30 June 2024 (2023: none). All revenue for the Gleeson Land segment is in relation to the sale of land interests and overages on the sale of land. There is no revenue relating to Group activities.

One single customer accounted for 13.4% of revenue in Gleeson Homes. No single customers accounted for more than 10% of revenue in Gleeson Land (2023: no single customer over 10%).

Balance sheet analysis of business segments:

		2024			2023	
	Assets	**Liabilities**	**Net assets/ (liabilities)**	Assets	Liabilities	Net assets/ (liabilities)
	£000	**£000**	**£000**	£000	£000	£000
Gleeson Homes	**329,927**	**(76,029)**	**253,898**	326,722	(86,033)	240,689
Gleeson Land	**34,158**	**(2,582)**	**31,576**	43,207	(1,733)	41,474
Group activities	**1,028**	**(1,694)**	**(666)**	1,240	(2,546)	(1,306)
Cash and cash equivalents	**12,934**	**-**	**12,934**	5,159	-	5,159
	378,047	**(80,305)**	**297,742**	376,328	(90,312)	286,016

3. Exceptional items

Restructuring

In the prior year, we announced the restructuring of Gleeson Homes from nine regional management teams to six and moved to a standard operating structure with consistent roles, responsibilities, processes and reporting. The restructuring expense of £1,022,000 consisted of redundancy costs of £975,000 and professional fees of £47,000. The amount, combined with the number of colleagues directly and indirectly impacted by the restructure, and the fact that this was a one-off cost, made this an exceptional item in the prior year.

No exceptional items were recognised in the year to 30 June 2024.

4. Tax

	2024	2023
	£000	£000
Current tax		
Current year expense	**5,699**	5,834
Adjustment in respect of prior years	**(352)**	(42)
Current tax expense for the year	**5,347**	5,792
Deferred tax		
Current year expense	**107**	495
Adjustment in respect of prior years	**89**	(53)
Impact of rate change	**-**	64
Deferred tax expense for the year	**196**	506
Total tax charge	**5,543**	6,298

Corporation tax has been calculated at 22.3% of assessable profit for the year (2023: 20.7%). The applicable UK corporation tax rate is 25.0%.

The charge for the year can be reconciled to the profit per the consolidated income statement as follows:

	2024	2023
	£000	£000
Profit before tax	**24,849**	30,467
Profit before tax multiplied by the standard rate of UK corporation tax 25.0% (2023: 20.5%)	**6,212**	6,246
Tax effect of:		
Expenses not deductible for tax purposes	**114**	42
Non-qualifying depreciation	**123**	128
Relief for share-based payments	**45**	111
Capital allowances super deduction	**-**	(131)
Land remediation relief	**(739)**	(354)
Impact of rate differences	**-**	64
Adjustments in respect of prior years – current tax	**(352)**	(42)
Adjustments in respect of prior years – deferred tax	**89**	(53)
Residential property developers tax	**51**	287
Total tax charge for the year	**5,543**	6,298

Tax recognised on equity-settled share-based payments	2024	2023
	£000	£000
Deferred tax related to equity-settled share-based payments	**284**	(362)
Total tax recognised on equity-settled share-based payments	**284**	(362)

5. Dividends

	2024	2023
	£000	£000
Amounts recognised as distributions to equity holders in the year:		
Interim dividend for the year ended 30 June 2024 of 4.0p (2023: 5.0p) per share	**2,332**	2,911
Final dividend for the year ended 30 June 2023 of 9.0p (2022: 12.0p) per share	**5,248**	6,996
	7,580	9,907

A final dividend of 7.0 pence per share has been proposed for the year ended 30 June 2024, equating to £4,080,000 (2023: £5,248,000). This is subject to approval by shareholders at the AGM on 15 November 2024 and has not been recognised in these financial statements.

6. Earnings per share

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

	2024	2023
Earnings	**£000**	£000
Profit for the year	**19,306**	24,169
Exceptional items (note 3)	**-**	1,022
Tax on exceptional items	**-**	(210)
Profit for the year – pre-exceptional items	**19,306**	24,981

	2024	2023
	No. 000	No. 000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**58,281**	58,246
Effect of dilutive potential ordinary shares:		
- Share-based payments	**154**	41
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**58,435**	58,287

	2024	2023
	p	p
Basic earnings per share	**33.13**	41.49
Diluted earnings per share	**33.04**	41.47
Basic earnings per share – pre-exceptional items	**33.13**	42.89
Diluted earnings per share – pre-exceptional items	**33.04**	42.86

8. Related party transactions

During the year ended 30 June 2021, the Group exchanged contracts on a conditional agreement to purchase an area of land from Hampton Investment Properties Ltd (“HIPL”) for £1,050,000. HIPL is a company in which North Atlantic Smaller Companies Investment Trust plc (“NASCIT”), a substantial shareholder in the company, holds a majority investment. In addition, Christopher Mills, a Non-Executive Director of the Company, is considered a related party by virtue of his interest in and directorship of NASCIT and his position as a Director of HIPL. The land, if purchased, will form part of a new Gleeson Homes site being developed in the ordinary course of business. Approval of this purchase was granted by the majority of shareholders at the AGM in December 2019.

Other than disclosed above, there were no other transactions with key management personnel in either the current or prior year.

Statements of Directors' Responsibilities

The full Statement of Directors' Responsibilities is made in respect of the Annual Report and Accounts and the financial statements, not the extracts from the financial statements as set out in this announcement.

The 2024 Annual Report and Accounts comply with the United Kingdom's Financial Conduct Authority Disclosure Guidance and Transparency Rules in respect of the requirement to produce an annual financial report.

We confirm that to the best of our knowledge:

- the Group and Company financial statements, contained in the 2024 Annual Report and Accounts, which have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit of the Group and loss of the Company; and
- the Strategic Report, contained in the 2024 Annual Report and Accounts, includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

The Directors consider that the 2024 Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Company's position and performance, business model and strategy.

By order of the Board

Graham Prothero
Chief Executive Officer
17 September 2024

Stefan Allanson
Chief Financial Officer

The 2024 Annual Report and Accounts is to be published on the Company's website, mjgleesonplc.com, in due course and sent out to those shareholders who have elected to continue to receive paper communications. Copies will be available from The Company Secretary, 6 Europa Court, Sheffield Business Park, Sheffield, S9 1XE.