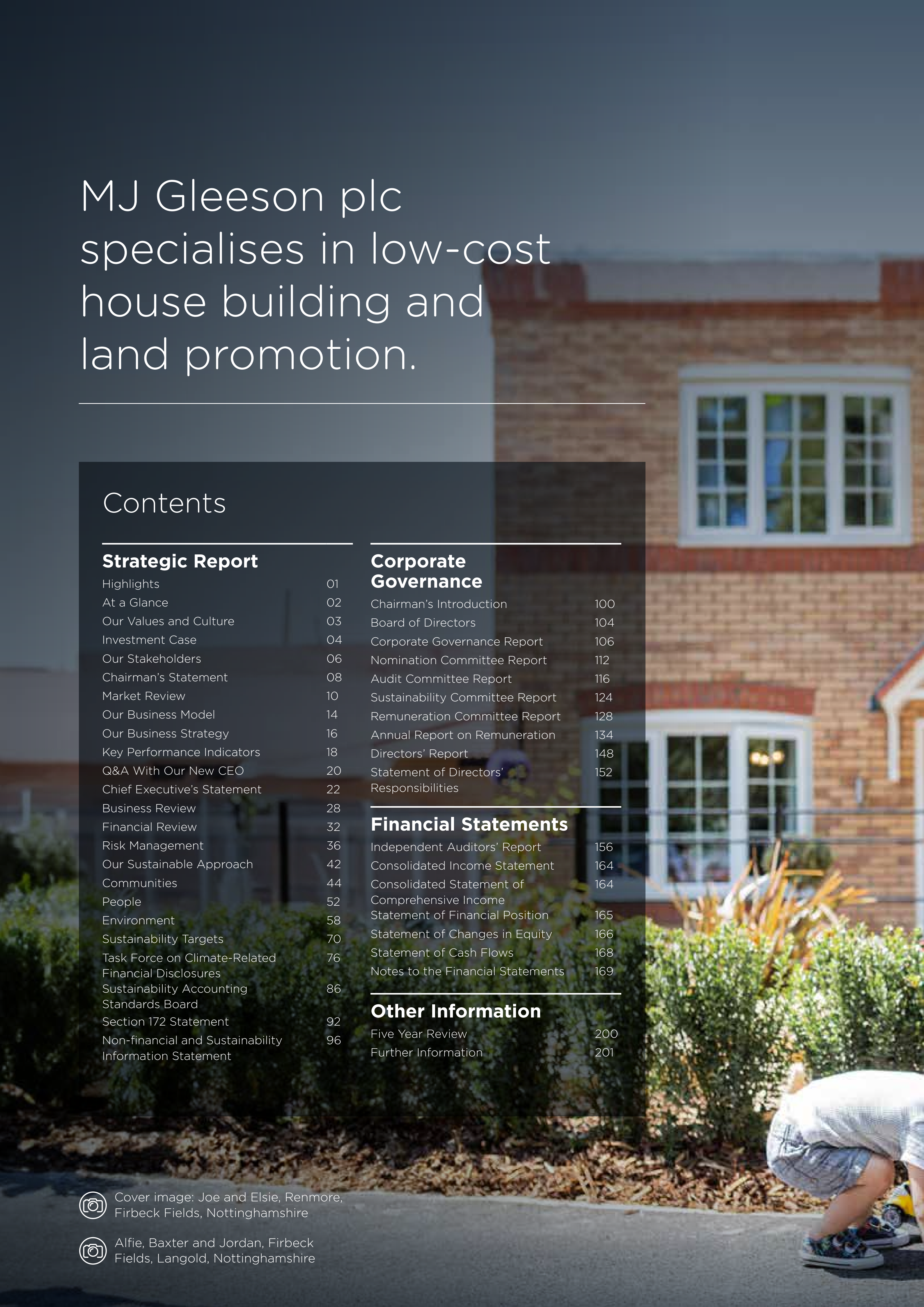
mj gleeson plc

Building Homes. Changing Lives.

Annual Report and Accounts 2023

MJ Gleeson plc specialises in low-cost house building and land promotion.

Contents



Cover image: Joe and Elsie, Renmore, Firbeck Fields, Nottinghamshire

Alfie, Baxter and Jordan, Firbeck Fields, Langold, Nottinghamshire

Highlights

Financial highlights

Revenue

£328.3m

2022: £373.4m

Profit before tax and exceptional items

£31.5m

2022: £55.5m

Operating profit (pre exceptional items)

£33.6m

2022: £56.8m

Basic earnings per share (pre-exceptional items)

42.9p

2022: 78.1p

Cash and cash equivalents

£5.2m

2022: £33.8m

Return on capital employed (pre-exceptional items)

13.0%

2022: 25.4%

Operational highlights

Homes sold

1,723

2022: 2,000

Average selling price

£186,200

2022: £167,300

CO_2e emissions (scope 1 and 2)

2.09 tonnes per home sold

2022: 1.86 tonnes

At a Glance

Our locations

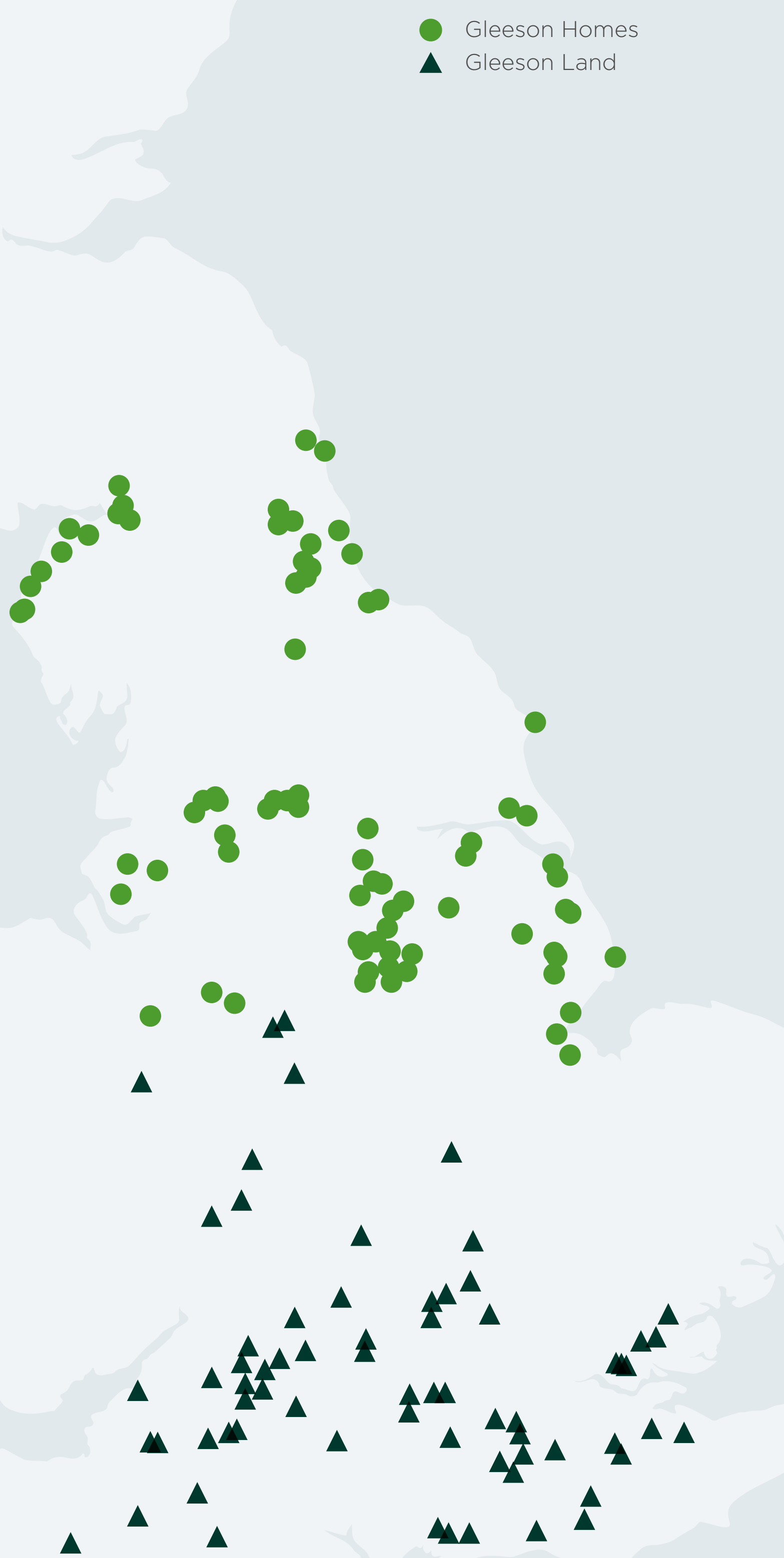
Divisional breakdown

- Gleeson Homes: **£320.8m** (2022: £334.6m)
- Gleeson Land: **£7.5m** (2022: £38.8m)

- Gleeson Homes: **£35.0m** (2022: £51.2m)
- Gleeson Land: **£1.0m** (2022: £11.1m)

1 Pre-exceptional items.

2 After Group overheads of £2.4m (2022: £5.5m).



Our mission

Gleeson Homes

We build affordable, quality homes. Where they are needed, for the people who need them most.

Our mission is to change people's lives through home ownership; we build high-quality affordable homes across the North of England and the Midlands. We help our customers to achieve their dream of home ownership, wealth creation, and the benefits of better health and wellbeing that come from living in a modern, energy-efficient home.

Gleeson Land

We promote land through the complex planning system. Unlocking value to deliver sustainable and attractive sites for other developers to build new homes, where they are needed.

We carefully select and promote land through the planning process. We build strong relationships with our landowners and take a proactive and bespoke approach to promoting their land. We fulfil a vital part of the housing supply chain in delivering consented land, often in areas of acute housing need.

Our Values and Culture

Our values

We are Passionate

- We are passionate about building high-quality homes that are affordable.
- We are passionate about our customers and ensuring they enjoy buying their home from us. Where we get things wrong, we aim to put it right quickly and fairly.
- We are proud of the strong relationships we build with our suppliers and subcontractors who work alongside us.

We are Collaborative

- We work together collaboratively, with shared goals, where information, knowledge and ideas can be discussed openly, honestly and free from judgement.
- We listen to our customers and work with them throughout their buying journey.
- We collaborate with our external partners and value their part in helping us achieve our goals.

We are Respectful

- We respect the right to a safe working environment on all our sites and in all of our offices and are fully committed to ensuring our colleagues and those who work on or visit our sites and offices return Home Safe – everyone, everyday.
- We are respectful of our customers, colleagues and partners by listening to them and treating them equally and fairly.
- We undertake our business in an ethical way, and we respect the environment.

Driven by our commitment to sustainability

Communities

We want to create attractive, affordable places for people to live where they can be part of a welcoming and sustainable community. Affordability is a key part of this commitment and we ensure that a couple on the National Living Wage can afford to buy a home on any Gleeson Homes development.

We put our customers and their communities at the heart of everything we do. We want our customers to enjoy buying their home from us and we support our customers throughout the buying process.

People

Our people are key to our success and share our vision, mission and values. We are committed to ensuring all of our colleagues, subcontractors and people connected to our business are kept safe, treated fairly and paid a fair wage.

Achieving our objectives relies on having the right people in the right roles, supported through training and development. Our people want to have clear opportunities for their own development and be part of a vibrant, diverse and forward-thinking culture.

Environment

As a housebuilder we recognise that our activities have an impact on the environment. We prioritise taking all reasonable measures to conduct our business in a way that minimises our impact and enhances the land we develop.

We are committed to reducing our CO_2 emissions, both in the materials that we use to build our homes, and from our homes when occupied. We are committed to protecting biodiversity in the areas we develop and reducing waste and the consumption of natural resources such as water.

SUSTAINABLE DEVELOPMENT GOALS

- 11 Sustainable cities and communities
- 15 Life on land
- 13 Climate action
- 5 Gender equality
- 8 Decent work and economic growth
- 12 Responsible consumption and production

Investment Case

Gleeson Homes builds high-quality, affordable homes. Our homes are modern, brick built two, three and four bedroom houses, each with a front and rear garden and off-street parking. Too few homes are being built in areas of need; these are often areas of deprivation in need of regeneration where other housebuilders do not want to build, making this part of a vastly underserved market.

Gleeson Homes

Competitive advantages

- Compelling reasons for customers to choose Gleeson, including affordability, energy efficiency and quality.
- Vastly underserved customer base, with appeal for first-time buyers, home movers, retirees, downsizers and other "value driven" buyers.
- Range of new house designs that meet our customers' needs and expectations.
- Large and high-quality land pipeline, representing over ten years of supply.

Gleeson Homes' customers highest priority is affordability. The average cost of a Gleeson home in our geographic areas is one-third less than other new build homes, and it remains cheaper to buy than to rent.

Buyers are also increasingly focused on energy efficiency, and the average Gleeson Home uses 49% less energy than existing housing.

Gleeson Land

Competitive advantages

- Strong pipeline of sites held under option and promotion agreements, which mitigates land value risk.
- High planning success rate including through appeal.
- Low capital requirements to support growth and highly cash-generative.
- Leveraging data and technology to accelerate new site sourcing and differentiate offering.

Gleeson Land already has a successful model in the South East and South West with the opportunity to increase market share in these areas and expand into other underserved high-value areas.

Long-term plans

- Strong growth potential in both Gleeson Homes and Gleeson Land.
- Gleeson Homes has a visible route to 3,000 homes per annum in the medium term and increasing in the longer term.
- Gleeson Land is well-placed to continue growing in existing regions and expand into new areas.
- Opportunities to improve both margin and returns.

Shareholder returns

- Strong balance sheet and high levels of liquidity to support growth.
- Uniquely placed to deliver medium and long-term potential with sizeable market opportunity.
- Medium and long-term sustainable investor returns.
- Optimised operating structure to deliver future growth potential.

Accreditations

CDP SUPPORTER 2023

Living Wage Foundation

INVESTORS IN PEOPLE

GOLD SUPPLY CHAIN SUSTAINABILITY SCHOOL

Future Homes Hub

Fair Tax

Firbeck Fields, Langold, Nottinghamshire

Our Stakeholders

What's important to our stakeholders

Considering the needs of our stakeholders is key to our business model, strategy and approach, and we balance these needs in everything we do.

Customers

Our customers want attractive, high-quality affordable homes they can be proud to live in.

Our customers want a home that has all of the modern touches and gives them the opportunity to tailor it with their own choices.

Energy efficiency is increasingly important, and our customers want a highly energy-efficient home that helps them to reduce their energy bills.

Top three priorities

- Affordability
- Build quality
- Energy efficiency

Our people

Our colleagues expect to be kept safe, treated fairly and rewarded appropriately for the work they do. They want to have career progression with opportunities for training and development.

Our colleagues value open and transparent communication about the business, its performance, and its future. They want to be part of its growth and feel valued for their contribution.

Top three priorities

- Health and safety
- Recognition and reward
- Career development

Communities

Residents in the areas we develop want attractive and well-designed spaces that create vibrant and safe communities in which to live. Residents want their views to be valued and to be consulted.

Local communities want a wider positive benefit to come from new developments, with better quality housing, access to resources, and community services.

Top three priorities

- Land use
- Build quality and design
- Affordability

Local authorities

Local authorities want us to deliver high-quality affordable housing in the right places, creating sustainable communities that contribute positively to the local area.

Local authorities want us to ensure our activities minimise or mitigate the impact on biodiversity and the environment and leave a positive legacy.

Top three priorities

- Land use
- Affordability
- Environment

Read more on how our strategy aims to address our stakeholder priorities on pages 16 to 17

Read more on how our Section 172 statement sets out how we have responded to our stakeholder needs on pages 92 to 95

Future generations

Future generations want us to reduce our impact on the environment, reducing carbon emissions and waste, protecting nature and reducing our use of resources, including water.

They want us to adopt efficient methods of building homes but also maintain our affordability to ensure that home ownership remains a realistic opportunity for future generations.

Top three priorities

- Carbon emissions
- Biodiversity
- Affordability

Shareholders and banks

Investors and banks expect to see consistent or improving returns, underpinned by a sustainable approach and compliance with regulations and covenants.

Investors and banks want open and transparent communication from the Group to provide them with a balanced understanding of business performance, opportunities, and risks.

Top three priorities

- Profitability
- Strong balance sheet
- Sustainability

Government and regulators

Regulators and government want us to ensure that we operate our business safely and are compliant with all laws and regulations, including health and safety, building regulations, planning regulations, tax and financial reporting.

Regulators and government want businesses to conduct their operations in a responsible manner, including paying all relevant taxes fairly and transparently.

Top three priorities

- Health and safety
- Planning regulations
- Tax and compliance

Suppliers and subcontractors

Our suppliers and subcontractors expect to be kept safe when they are working with us and to be paid fairly and on time.

Our suppliers and subcontractors want us to deal with any queries quickly and efficiently, with clear lines of communication when issues arise.

Top three priorities

- Health and safety
- Timely payment
- Clear communication

Chairman's Statement

James Thomson
Chairman

> I would like to thank all Gleeson colleagues for their commitment, hard work and resilience through these challenging times, ensuring that we were able to deliver results in line with expectations."

I was delighted to be appointed Chairman, succeeding Dermot Gleeson who retired on 31 December 2022 after 47 years on the Board and 28 years as Chairman. It was Dermot's vision that saw the business transform into the UK's leading listed low-cost housebuilder and one that can genuinely say that it changes people's lives. I look forward to maintaining and building on that legacy.

Strategy

Graham Prothero, who joined the Group as Chief Executive Officer on 1 January 2023, set out in July a roadmap to significantly scale the Company's operations over the long term. Under the banner "Putting in place the foundations for future growth", this included broadening out Gleeson Homes' proven model, including widening the audience of target buyers, exploring opportunities in partnerships, and expanding Gleeson Land's footprint.

We are not complacent about the risks in the short term presented by the wider macroeconomic environment and broader market issues including planning constraints. However, we believe that the scale of unmet demand for affordable and high-quality homes will underpin a swift return to growth as soon as market conditions stabilise and confidence returns. In the interim, our focus on cost controls allied to new sales initiatives, including attracting purchasers who would previously have considered buying a more expensive property, should ensure a resilient performance in the coming year.

Restructuring

Gleeson Homes responded proactively to the difficult market conditions by pausing land buying, delaying the opening of new sites, and controlling build activity on certain sites. A restructuring of Gleeson Homes operations was completed successfully by June 2023. The business is now in a stronger position to return to growth when conditions allow and has recommenced land buying and site opening.

Board and succession planning

I stepped down as Chief Executive Officer on 31 December 2022, remaining on the Board as Non-Executive Chairman following the retirement of Dermot Gleeson. I was succeeded by Graham Prothero who joined the Group from Vistry Group plc, where he was latterly Chief Operating Officer.

Nicola Bruce joined the Board as a Non-Executive Director with effect from 24 March 2023. Nicola is an experienced Remuneration Committee Chair, with a background in strategy and business development.

People

I would like to thank all my Gleeson colleagues for their commitment, hard work and resilience through these challenging times, ensuring that we were able to deliver results in line with expectations. I am hugely proud of their levels of engagement with the Company and with its vision of "Building Homes. Changing Lives". In this year's independently assessed people survey, our colleague engagement remained in the top quartile of all companies surveyed, despite the challenges faced.

Sustainability and our commitment to a Science Based Target

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" and I am proud that a couple on the UK National Living Wage can still afford to buy a home on any Gleeson Homes development site. We have had a busy year focusing on our key pillars of People, Communities and the Environment, and have employed a Senior Ecologist to further develop our biodiversity and ecology strategies. Most significantly, I am pleased to announce our commitment to setting a Science Based Target in line with the Paris Agreement's goal of limiting global warming to 1.5°C. Gleeson has been working hard on understanding and eliminating both emitted and embedded greenhouse gases in its construction activities and I look forward to confirming the targets we agree with the Science Based Targets initiative ("SBTi") well within the two year timetable.

Homes sold

1,723

Dividend

Subject to shareholder approval at the 2023 Annual General Meeting, in line with the Board's stated dividend policy, the Company intends to pay a final dividend of 9 pence per share on 24 November 2023, to shareholders on the register at the close of business on 27 October 2023. The total dividend for the year to 30 June 2023 will be 14 pence.

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

Outlook

We have an excellent team, robust balance sheet and strong underlying demand both for affordable, high-quality homes and well-located land.

The Board is confident of the Group's prospects. It believes that the business is well-placed to take full advantage of a market recovery when it materialises and to deliver sustained, profitable growth over the medium term.

James Thomson
Chairman

13 September 2023

Market Review

The housing market faced a number of fundamental challenges this year with the cost of living crisis, high inflation and rising interest rates all having an impact on the demand for new homes. While there remains uncertainty around inflation, the risk of further interest rate rises and potential changes to planning regulations, the desire for home ownership remains strong.

01

Inflation, interest rates and mortgage availability

Inflation rose sharply in 2022 and remained above 7% last year. This led to the Bank of England raising interest rates multiple times, with the base rate rising to 5.25% in August 2023. In July 2023, the average two year fixed rate mortgage rate rose to 6.6%, the highest since 2008, but has fallen slightly since then. Coupled with this, the government's mini-budget in September 2022 severely damaged market confidence and led to a withdrawal of mortgage products and a decrease in demand in the immediate aftermath. The latest increases in interest rates, coupled with pessimistic media coverage has further damaged buyer confidence.

Impact

These factors have had a severe impact on the market, with a downturn in reservations immediately after the September 2022 mini-budget impacting our sales volumes in the last three quarters of the year. Whilst reservation rates have improved in the second half of the year, they remain below historic levels. The changes in market dynamics have particularly impacted first-time buyers with a reduction in the availability and affordability of mortgage products, particularly when coupled with the end of Help to Buy, which closed to new applicants in October 2022.

Opportunities

Gleeson are well positioned to respond to these challenges for several reasons. Primarily our focus is on the North of England and the Midlands, where house price growth has been significantly lower than London and the South of England and gives us the opportunity for sustainable growth in prices whilst maintaining affordability. Secondly, in addition to first-time buyers who make up around half of our customers, our product appeals to downsizers, retirees, second home buyers and other "value driven" buyers who are increasingly attracted to the quality and price point of our homes. Additional initiatives to encourage both first-time buyers and home movers will ensure that we continue to attract new customers. These include First Homes, Shared Ownership, Deposit Unlock and Own New.

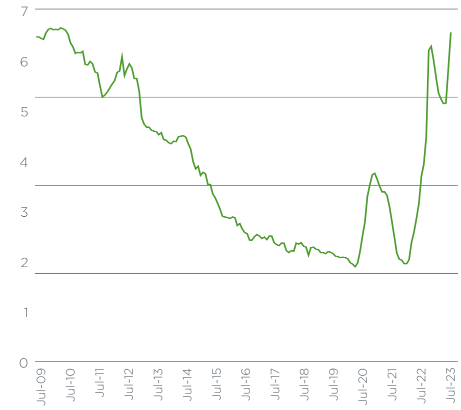
Link to strategy:

1 3

Link to risk:

1 2 4

Average 2-year fixed mortgage rates (90% LTV)

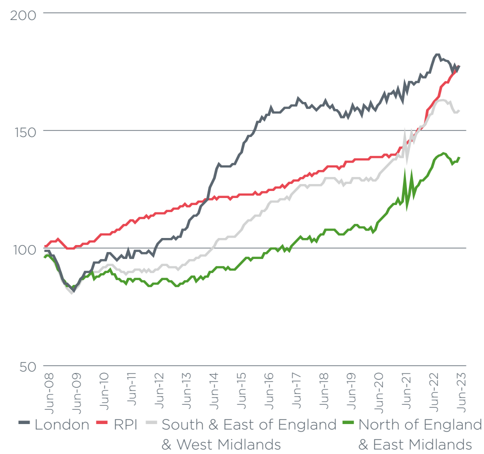


Source: Bank of England

Residential mortgage approvals

Source: Bank of England (seasonally adjusted)

House prices versus inflation



Source: Land Registry, UK House Price Index (indexed December 2007)

02

Structural under-supply of new homes where they are needed

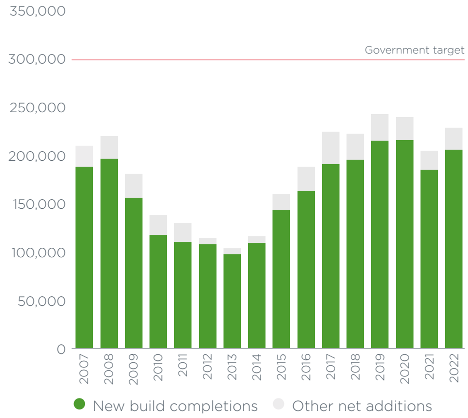
New housing supply remains critically below the levels needed and has not been helped by the government watering down its own target of building 300,000 new homes a year by the mid-2020s. This failure to deliver adequate, quality housing not only impacts on availability and affordability, particularly for first-time buyers, but will have an impact on generations to come.

Net housing additions in England last year was in the region of 233,000 homes, with affordable housing supply accounting for only 59,000 homes. Research from the National Housing Federation and Crisis estimates that 145,000 affordable houses need to be built each year. Moreover, only 23% of new build homes sold in England were in the most deprived areas, which remain grossly underserved in terms of quality, affordable housing.

Impact

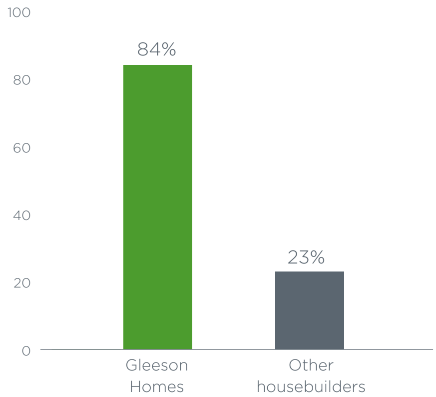
In the North of England and Midlands, 4.1 million households are renting, and there are 0.6 million households on local authority waiting lists. A further 2.1 million adults live with parents. In the North of England and East Midlands, there remains a shortage of affordable homes, with new build sales representing only 2% of all homes sold below £200k. The opportunity for home ownership remains squeezed by this lack of supply. Whilst older terraced housing stock makes up the vast majority of sales under £200k, the quality of these houses tends to be poorer than new build and these are not as energy-efficient, with only 12% of English housing stock EPC rated A or B.

Net additional dwellings



Source: Department for Levelling Up, Housing and Communities

New homes built in deprived areas



Source Land registry data and gov.uk indices of multiple deprivation.

Opportunities

The structural under-supply of new homes represents a vast underserved market of customers in our target areas. 84% of Gleeson homes were sold in the most deprived areas of the country in line with our mission of building homes "where they are needed, for the people who need them most". In addition, our homes are highly energy-efficient with 95% of Gleeson homes being EPC rated A or B.

Link to strategy:
1 2 3

Link to risk:
1 3 4 6

Key:

Strategic priorities

1 Sustainable growth
2 Build quality
3 Affordability
4 Climate change
5 People, wellbeing, health and safety
6 Land – Gleeson Homes
7 Land – Gleeson Land

Risks

1 Economic environment
2 Mortgage availability
3 Land availability
4 Government policy and regulations
5 Build costs and availability
6 Build quality and customer service
7 People
8 Cyber and IT systems
9 Health and safety
10 Financial environment and control
11 Climate risk
12 Sustainability

Market Review
CONTINUED

03

Affordability being stretched

The cost of living crisis had a major impact on household finances in the year, with energy prices and household bills rising further. This combined with interest rate rises designed to curb inflation have only served to make living costs higher for individuals, who are impacted either by mortgage rate rises or higher rental costs, which increased by 7.2% over the last 12 months. Although wage rises have remained strong and the National Living Wage increased by 9.7% in April 2023, affordability is being stretched in some parts of the country.

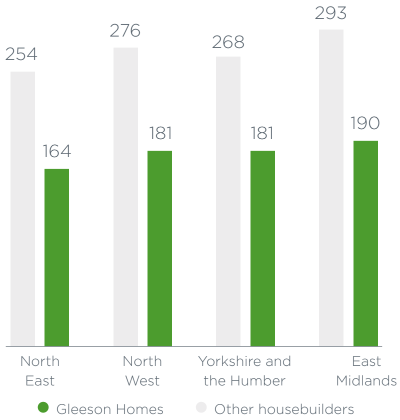
Impact

Despite the cost of living crisis, some buyers continue to be able to save for deposits, partly fuelled by pandemic related savings and a strong labour market, often with the ability to earn overtime.

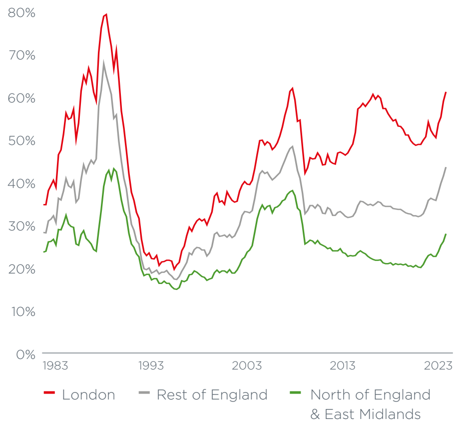
For others, however, the pressure on household finances have made it increasingly difficult to save for a deposit and the dream of home ownership has had to be put on pause.

Whilst buyer interest remains high, many are still hesitant and want to be assured of "value for money" before they buy. The availability of rental property has also worsened in recent years as private landlords exit the rental market. This continues to make purchasing a home increasingly attractive.

Gleeson Homes average selling price versus other housebuilders (£000)



Mortgage costs as a percentage of take home pay for first-time buyers



Source: Nationwide

Opportunities

Whilst house prices have risen across the country, our homes remain affordable and a couple on the National Living Wage can afford to buy a home on any Gleeson Homes development. Mortgage payments in the North of England and East Midlands remain low at 29% of take home pay relative to the rest of England (46%) and London (65%). Increasingly buyers are motivated by the quality and price point of our homes relative to other housebuilders and the "value for money" that this offers. Gleeson's average selling price of £186,200 was significantly below the UK average of £286,000, and below the average for the North of England and East Midlands of £273,000.

Link to strategy:
1 3

Link to risk:
1 2 4

Key:
Strategic priorities

1 Sustainable growth
2 Build quality
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5 People, wellbeing, health and safety
6 Land – Gleeson Homes
7 Land – Gleeson Land

04

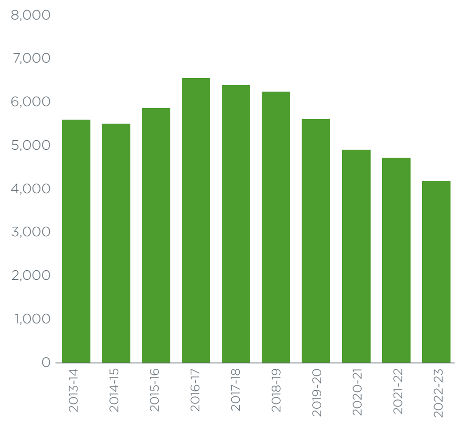
Planning delays and environmental issues risk impacting new homes

We continue to see long delays in the planning process, which started with local planning department staff shortages during the pandemic, followed by new environmental legislation introduced by the Environment Act 2021, and most recently by proposed government changes to the National Planning Policy Framework in December 2022. These changes have led to uncertainty around planning policy and some local authorities have taken the opportunity to withdraw their local plans.
All of this has fuelled an ongoing crisis in the planning system, which threatens the supply of consented land for new homes.
In addition, Biodiversity Net Gain ("BNG") legislation is due to be introduced from November 2023, which challenges balancing the aims of the legislation with creating habitable spaces and communities for people to live.

Impact

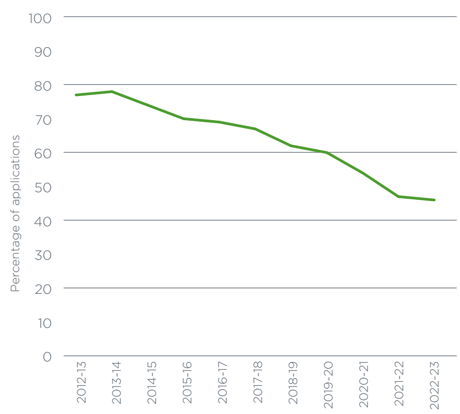
Planning applications are taking longer, and local planning decisions are now more uncertain, even where these have recommendation for approval. The impact has been felt across the industry by both housebuilders and land promoters alike. Gleeson Land and Gleeson Homes have seen the time taken to secure planning permissions increase during the year, with more applications being taken to appeal, often due to local authority uncertainty over planning policy. This is more keenly felt by Gleeson Land who are reliant on planning permissions for sites to market and sell. Gleeson Homes would be impacted over a longer term as delays in planning could delay build start dates and mean a greater reliance on sales from existing sites to achieve growth.

Major planning applications granted



Source: Department for Levelling Up, Housing and Communities

Percentage of planning decisions made within 8 or 13 weeks



Source: Department for Levelling Up, Housing and Communities

Opportunities

Gleeson Land and Gleeson Homes have strong pipelines of land across a number of local authorities and have an excellent track record of successful planning applications, including via appeal. We have created a biodiversity strategy to address the challenges posed by Biodiversity Net Gain. As the planning system gets increasingly complex, this serves as a competitive advantage for our expert teams to work on promoting land for landowners in Gleeson Land, and securing land for development in Gleeson Homes.

Link to strategy: 1 4 6 7

Link to risk: 4 5 11 12

Risks

1	Economic environment
2	Mortgage availability
3	Land availability
4	Government policy and regulations
5	Build costs and availability
6	Build quality and customer service
7	People
8	Cyber and IT systems
9	Health and safety
10	Financial environment and control
11	Climate risk
12	Sustainability

Our Business Model

Key inputs

Financial capital
We have a robust capital model with high levels of liquidity to invest and grow the business.

Land
We buy land where homes can be sold at affordable prices and often in areas in need of regeneration where other housebuilders do not want to build.

Building materials
We look to sustainably source materials from reputable suppliers. We select materials with lower levels of embodied carbon where possible.

Our people
Our people are key to achieving the mission and vision of our business and share our core values.

Local authority relationships
We build relationships with local authorities and share our sustainable vision of building affordable homes for the people who need them most.

Supply chain partnership
We partner with our supply chain and use suppliers and subcontractors that are local to our sites where possible.

Group business model

Gleeson Homes contributed 98% of Group revenue this year and is the key driver of growth in the business. The Homes division requires significant capital investment in land and work in progress as we acquire new sites to build more high-quality, affordable homes. By contrast, Gleeson Land requires significantly lower levels of working capital and is highly cash-generative.

Gleeson Homes

Land acquisition
We acquire land, often in brownfield areas or areas in need of regeneration. We transform these into meaningful spaces for people to live.

We have clearly defined gateway processes to ensure we buy land in the right areas and at the right price. This is essential to keeping our homes affordable.

Planning
We plan our developments to transform sites into attractive and sustainable communities.

We work with local authorities, local residents, community groups and other stakeholders to achieve an implementable planning permission that is sympathetic to local needs.

Designing homes
Our homes are designed to the latest planning and building regulations. For example, all new homes built from June 2023 will use highly efficient air source heat pumps ("ASHPs") as their source of heating.

We regularly review the specification of our homes to ensure they remain highly energy-efficient to help our customers lower their bills.

Gleeson Land

New sites
We use land agents and in-house search capabilities to identify and carefully select new land opportunities. We enter into agreements with landowners to promote their land through the planning process.

Promotion
We engage with local authorities, residents, communities, stakeholder groups and statutory consultees to promote land for sustainable housing development whilst balancing stakeholder needs.

Planning
We have in-house planning capabilities and work closely with masterplanning and other specialist consultants to secure attractive and sustainable planning consents in areas of housing need.

By promoting land in attractive areas where there is a strong housing need, it forms part of the supply chain for other housebuilders. Together, the two divisions support the sustainable growth of the Group and contribute to the delivery of much needed new homes across England.

Build

Our health and safety procedures are designed to ensure everyone connected to our sites remains safe and free from harm.

We are reducing carbon emissions in our build activities and supply chain and working to reduce our impact on the environment including through waste reduction and recycling.

Sales and customer experience

Our focus on quality is absolute and we will not hand over a home that we are not 100% proud of.

We strive to provide a five-star customer experience and ensure this commitment to quality extends throughout the customer journey.

Outcome

We enable people to escape from housing poverty caused by the “rent trap” and into home ownership and wealth creation.

We sell high-quality, affordable homes to first-time buyers or young families as well as home movers and “downsizers” who can benefit from our lower price points.

Technical

We have in-house technical experts to ensure that our sites are delivered with a readily implementable planning permission. In doing so, we provide developers with an “oven ready” site ready for them to start on.

Sales process

As one of the UK’s largest land promoters, we have strong relationships with a wide range of housebuilders. We bring high-quality consented land to market and look to achieve best value for our landowners.

Outcome

We supply high-quality land that has the benefit of planning permission to other housebuilders, fulfilling a key need in the supply chain for the delivery of much needed new homes.

Value for stakeholders

Customers

We help our customers to achieve long-term value creation, security and wellbeing through home ownership.

Shareholders

We generate sustainable value and returns for our shareholders.

Our people

We invest in our people, develop their skills and reward them appropriately.

Suppliers and subcontractors

We create long-term relationships with our suppliers and subcontractors. We pay them fairly and on time.

Communities

We regenerate land often in deprived areas, leaving a positive lasting legacy for the communities who need it the most.

Government and local authorities

We consult with government, local authorities and industry bodies to ensure we remain fully compliant and to ensure they understand the impact of policies on house building.

Banks

We work with our banks to ensure that we comply with all covenants and other requirements of the facilities they provide.

Toni, Petersmiths Park, Ollerton, Nottinghamshire

Our Business Strategy

Our strategy incorporates the Group's objective for sustainable growth, together with the environmental, social and governance priorities that are most important to the Group.

Strategic priorities	Objectives	Target
1 **Sustainable growth**	Increase the number of new homes built and extend our geographical reach.	To reach 3,000 homes per year over the medium term. **Link to KPI**: 7 8 9 10 11 13
2 **Build quality**	Build high-quality, energy-efficient homes to the specification that our customers require.	To be a five-star housebuilder on all our development sites. **Link to KPI**: 3
3 **Affordability**	Keep our homes affordable through managing build costs, sourcing responsibly and building efficiently, utilising local suppliers and subcontractors where possible.	To ensure a couple on National Living Wage can afford a home on any one of our developments. **Link to KPI**: 5 12
4 **Climate change**	Protect the environment and reduce carbon emissions for the homes that we build and sell.	To reduce scope 1 and 2 emissions by 30% from 2020 to less than 1.75 tonnes per home. We will achieve Science Based Targets validation by 2025 for near-term and net zero targets with a clear path to achieve these targets. **Link to KPI**: 4 6
5 **People, wellbeing, health and safety**	Everyone who is involved with, or affected by, our business remains free from harm and returns home safe every day. To attract, retain and develop employees who share the values, culture and objectives of the Group.	To reduce our health and safety accident rate ("AIIR") to lower than the industry average. To maintain our employee engagement score in the upper quartile of all surveyed companies. **Link to KPI**: 1 2
6 **Land – Gleeson Homes**	To sustainably grow our land pipeline, sourcing land in areas that are in need of regeneration where homes can be built for sale at low cost.	To acquire land at an average cost per plot below 15% of expected selling price in order to keep homes affordable. **Link to KPI**: 14
7 **Land – Gleeson Land**	To source high-quality new sites that are well located and can deliver attractive residential planning consents for sustainable development.	To obtain more planning permissions in each financial year than sites sold. **Link to KPI**: 15

Key:

KPIs

1 Health and safety ("AIIR")
2 Employee engagement
3 Customer recommendation score
4 CO_2e (scope 1 and 2)
5 First-time buyers
6 Waste
7 Cash and cash equivalents net of borrowings
8 Group profit before tax (pre-exceptional items)
9 Total dividend
10 Return on capital employed
11 Gleeson Homes – Homes sold
12 Gleeson Homes – Average selling price
13 Gleeson Homes – Build sites
14 Gleeson Homes – Land pipeline
15 Gleeson Land – Portfolio

Sustainability

- People
- Communities
- Environment

Progress in 2023	Future actions to meet target	Sustainability	Link to SDGs
The market conditions experienced during the year to 30 June 2023 resulted in a reduction in homes sold compared to 2022, but we have a robust strategy to return to growth.	We continue to invest in land and spread our geographical footprint. We will drive sales and build activity to ensure we remain well positioned to benefit from market recovery.		8 Decent work and economic growth; 11 Sustainable cities and communities
Our customer recommendation score was 89.0% (2022: 90.7%), which puts us below the Home Builders Federation five-star rating.	We will recover our five-star status during 2024 through enhanced training, quality inspections, response times and timely resolution of any "snagging" issues post completion. See further actions on page 75.		11 Sustainable cities and communities
A couple working full time on the government's National Living Wage continue to be able to afford to buy a home on 100% of our active sales sites.	We remain committed to building high-quality homes that are affordable. We continue to assess each new land opportunity on the basis of the affordability of homes being delivered.		11 Sustainable cities and communities
Our scope 1 and 2 emissions per home sold increased this year due to the lower number of homes sold, whilst build activity was intentionally maintained. Our commitment to Science Based Targets will set out our long-term carbon reduction plans.	We will continue to reduce our scope 1 and 2 direct emissions through the actions set out on page 75. We have committed to setting targets validated by the Science Based Targets initiative which will set new carbon reduction targets for the Group across scope 1, 2 and 3, both near and long-term.		12 Responsible consumption and production; 13 Climate action
Our AIIR for the year was 303 (2022: 55) and was above the industry average of 239. In our latest employee survey we had a 87% engagement score, which maintains our position in the top quartile of all companies surveyed.	We continue to ensure that safety remains our number one priority and have rolled out additional tracking of health and safety and near misses, site inspections and communications. See further actions on page 75. We continue to ensure our employee offering provides training and career development, a positive working environment, a competitive package and high-levels of employee engagement. More actions can be found on pages 52 to 57.		5 Gender equality; 8 Decent work and economic growth
The average cost per plot of land acquired in the year was below 15% of expected selling price and four out of five sites in the land pipeline were brownfield or in areas of deprivation.	Our land buying policy continues to require land to be purchased according to this criteria in order to ensure our homes remain affordable.		15 Life on land
We acquired three sites in the year and obtained planning permission on six sites. We sold three sites during the year.	Whilst the planning system remains extremely challenging, we continue to successfully progress sites in our portfolio, aided by the strength of the Gleeson Land team.		15 Life on land

Key Performance Indicators

Key:

Key sustainability targets

Sustainability

- People
- Communities
- Environment

Strategic priorities

1 Sustainable growth
2 Build quality
3 Affordability
4 Climate change
5 People, wellbeing, health and safety
6 Land – Gleeson Homes
7 Land – Gleeson Land

Read more on our Business Strategy on pages 16 to 17

Risks

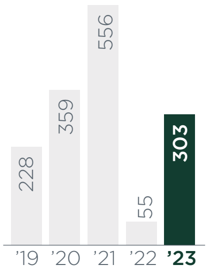
1 Economic environment
2 Mortgage availability
3 Land availability
4 Government policy and regulations
5 Build costs and availability
6 Build quality and customer service
7 People
8 Cyber and IT systems
9 Health and safety
10 Financial environment and control
11 Climate risk
12 Sustainability

Read more on our Risk Management on pages 36 to 41

Sustainability KPIs

Health and safety ("AIIR")

Employee health and safety is our number one priority, and we are committed to keeping our AIIR below the industry average.



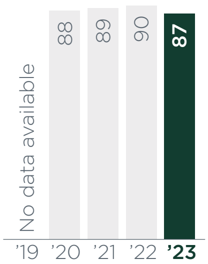
Link to sustainability: People

Link to strategy: 5

Link to risk: 9 12

Employee engagement (%)

We want to attract, retain and develop employees who share the values and culture of the Group.



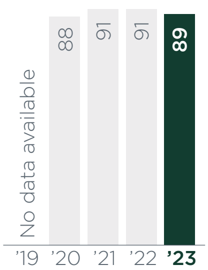
Link to sustainability: People

Link to strategy: 5

Link to risk: 7 12

Customer recommendation score (%)

We aim to be a five-star builder on all of our developments, which means obtaining a customer recommendation score above 90%.



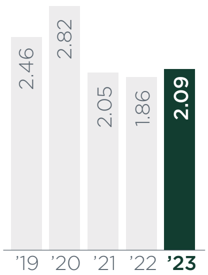
Link to sustainability: Communities

Link to strategy: 2

Link to risk: 6 12

CO_2e (scope 1 and 2) tonnes per home sold

We are committed to reducing our carbon emissions.



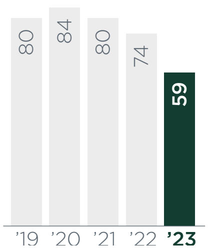
Link to sustainability: Environment

Link to strategy: 4

Link to risk: 11 12

First-time buyers (%)

We aim to get more first-time buyers into home ownership and out of the "rent trap".



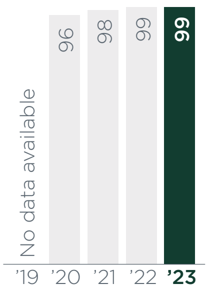
Link to sustainability: Communities

Link to strategy: 3

Link to risk: 1 2 6 12

Waste (% of waste diverted from landfill)

We aim to reduce our impact on the environment.



Link to sustainability: Environment

Link to strategy: 4

Link to risk: 11 12

[1] Accident Injury Incidence Rate measured as the number of reportable incidents per 100,000 employees and on-site subcontractors.

Financial KPIs

Cash and cash equivalents net of borrowings (£m)

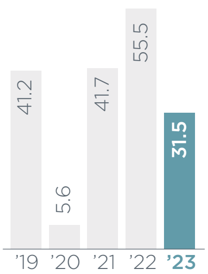
We aim to maintain positive cash balances or reduce net debt.

Link to strategy: 1

Link to risk: 1 10

Group profit before tax (pre-exceptional items) (£m)

The Group aims to generate profits to invest in the future growth of the business for all stakeholders.

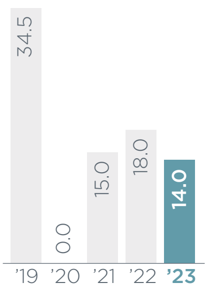


Link to strategy: 1 3

Link to risk: 1 2 3 4 5 10

Total dividend (pence)

We look to provide steady dividend growth whilst maintaining dividend cover at sustainable levels.

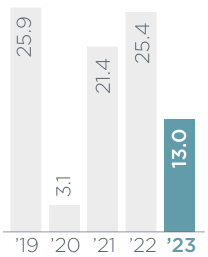


Link to strategy: 1

Link to risk: 1 2 3 4 5 10

Return on capital employed[2] (%)

Return on capital employed represents the profits made from the assets we hold.



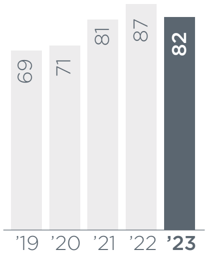
Link to strategy: 1

Link to risk: 1 10

Operational KPIs

Gleeson Homes – Build sites (year end)

Build sites represent the sites we are actively building on.

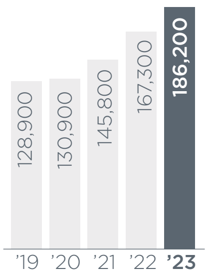


Link to strategy: 1

Link to risk: 1 3 4

Gleeson Homes – Average selling price (£)

Average selling price represents our overall sales income per home sold.

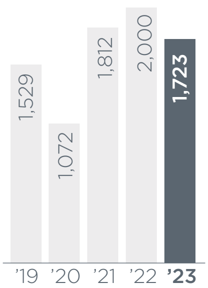


Link to strategy: 1 3

Link to risk: 1 2 3 5 12

Gleeson Homes – Homes sold

We aim to increase the number of new homes built and extend our geographical reach.

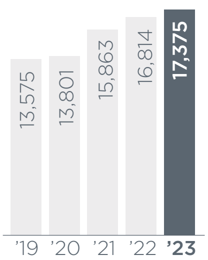


Link to strategy: 1

Link to risk: 1 2 3 4 5

Gleeson Homes – Land pipeline (plots)

Land pipeline ensures our ability to grow over the coming years.

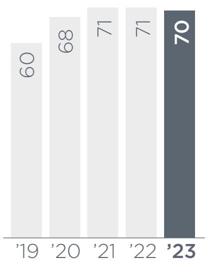


Link to strategy: 6

Link to risk: 1 3 4

Gleeson Land – Portfolio (sites)

Gleeson Land's portfolio represents the number of sites available to promote for future sale



Link to strategy: 7

Link to risk: 1 3 4

[2] Return on capital employed is calculated based on earnings before interest, tax and exceptional items ("EBIT") from continuing and discontinued operations, expressed as a percentage of the average of opening and closing net assets after deducting deferred tax and cash net of borrowings.

Q&A With Our New CEO

Graham Prothero
Chief Executive Officer

> I am excited for what is next for the business, and look forward to updating all stakeholders of our progress. We have tremendous teams across Gleeson Homes and Gleeson Land, all pulling in the same direction to make these ambitions a reality."

Q What initially attracted you to MJ Gleeson?

During my time working within the sector, I have always admired Gleeson from afar. Its proposition of marrying affordability and quality is more clearly defined than many of the volume housebuilders, which positions the business incredibly well for scalability and growth.

Gleeson Homes has strong roots within the North of England and the Midlands, and truly impressive community engagement. Gleeson Land is a business with significant growth potential and one that I am excited to see expand its presence. Importantly, the Company is incredibly well run and always has been, with a strong hold over its finances.

Q Did your first impressions meet your expectations?

I have to say, since joining the business I have been overwhelmed with the Company's resilience in what has been a challenging year. There is clear growth potential for Gleeson Homes and Gleeson Land, both have outstanding and industry-leading teams who are invested in the business' growth, and have exceptional land pipelines.

At Gleeson Homes, a thorough two-year review of the specification has led to an incredibly high-quality product that is on par with any other I have seen across the industry, particularly when considering their affordability. Gleeson Homes also has a clearly defined message and proposition, which allows it to capture key demographics of customers, while pivoting to entice wider audiences as we have seen during the last year.

At Gleeson Land, Guy Gusterson, our new Managing Director, has breathed new life into the business and is implanting an ambitious but entirely achievable growth strategy that will see the business utilise data to an industry-leading extent, enabling it to identify key sites and geographies that are ripe for promotion.

I am excited for what is next for the business, and look forward to updating all stakeholders of our progress. We have tremendous teams across Gleeson Homes and Gleeson Land, all pulling in the same direction to make these ambitions a reality.

Q What are the highlights from your time so far as CEO?

It is well-documented that this has been a difficult time for the sector, with interest rates and planning being two considerable challenges. I feel we have used this time wisely, restructuring Gleeson Homes to allow for sustainable growth when the market returns, while developing our product to appeal to a wider demographic of potential customers. We want to drive quality and speed within our recovery, and will do so when the time is right.

I am also greatly excited by Gleeson Land's prospects, which now has the opportunity to fulfil its potential within the Group. Gleeson Land has clear potential and I have the utmost confidence in Guy and his team to achieve this.

Q What can we expect in 2024?

On 7 July 2023, we held a Capital Markets Day at our Petersmiths Park development in Nottinghamshire. There we set out our strategic vision for the business under the strapline "Putting in place the foundations for growth".

While the market has suffered, we used the time to position the business for growth when the opportunity returns. This included restructuring Gleeson Homes, making it more efficient, and investing in data analytics within Gleeson Land.

Gleeson Homes will drive volume growth, each year opening more development sites than it completes, putting it in a strong position to be able to deliver increases in both top line revenue and bottom line profit.

Whilst the market may not make a full recovery over the next year, we will continue to adapt and explore new opportunities in the sector. At the same time, we will maintain our focus on developing our people to become the next generation of sector leaders through our Gleeson Academy programme. We will continue to benefit from our refreshed product, which will appeal to a wider demographic of potential customers as we broaden out our proven model.

In Gleeson Land, Guy and the team will leverage their data-driven approach to buying land, and this will enable us to strengthen the portfolio for future profit delivery.

Overall, the message from me is to watch this space! Whilst house sales and land sales fell last year following the rise in interest rates and economic headwinds, we expect to return to strong growth in both Gleeson Homes and Gleeson Land supported by the structural under-supply of new homes.

Q And, looking further ahead, how will the business you eventually leave differ from the one you took charge of?

We set out an ambitious plan at our Capital Markets Day; one that is very much centred on our core purpose of Building homes: Changing Lives. Gleeson Homes has a clear pathway for growth and Gleeson Land has the potential to become the leader in its field.

So, exciting opportunities ahead, but fundamentally what we do at the core that will never change, just a lot more of it. And we must deliver on our ambition to do so in a sustainable way, recognising the imperative of the world in which we live and operate today.

Chief Executive's Statement

Graham Prothero
Chief Executive Officer

> I am pleased to report a robust performance despite the impact on first-time buyer confidence as a result of current economic volatility. We maintained an acceptable sales rates, supported by our first multiple unit and investor sales."

Overview

I am pleased to report a robust performance in a year characterised by economic volatility, a deterioration in buyer confidence and shifting buyer demographics. We continued to experience delays in planning, further exacerbated by the local elections in May and uncertainties around government policy.

We took advantage of the quieter market to implement an important reorganisation of the business, reducing our regional overheads and standardising the structure to facilitate efficient and controlled future growth. We have maintained our geographic coverage whilst reducing the number of divisions from three to two and regional management teams from nine to six, securing £3.2m of annualised administrative cost savings. Importantly, the restructuring has put the business in a stronger position to grow as the market recovers. We enter the new financial year with a stronger operating structure and have re-commenced land buying and site opening.

Since joining the Group on 1 January 2023, I have been hugely impressed with the resilience of our teams across the Group. I would like to thank everyone for remaining focused and committed through a challenging period. These tough market conditions may continue for a while yet, but I know that we have a skilled and dedicated team to navigate the business through these choppy waters.

In anticipation of the economy stabilising and confidence returning to the market, we are implementing a range of measures to further improve our competitiveness and position the business to take advantage of the recovery.

At our Capital Markets Day in July we set out our strategy to deliver on what we believe is an exciting opportunity ahead. Under the banner "Putting in place the foundations for future growth", we described how we intend to broaden out Gleeson Homes' proven model and expand Gleeson Land's footprint and capabilities. We have over the medium term a visible route to delivering 3,000 homes per annum and scaling our land promotion business, and we look forward to reporting our progress on this over the coming months and years.

Results

Group

Group revenue was £328.3m (2022: £373.4m) and profit before tax and exceptional items was £31.5m (2022: £55.5m). Profit before tax was £30.5m (2022: £42.6m) after exceptional restructuring costs of £1.0m (2022: £12.9m building safety provisions).

The Group ended the year with cash and cash equivalents of £5.2m (2022: £33.8m) and continues to have a strong balance sheet and significant liquidity to invest in new sites and future growth.

Gleeson Homes

Gleeson Homes sold 1,723 homes (2022: 2,000). Average selling prices increased by 11.3% to £186,200 (2022: £167,300) due to underlying selling prices increasing by 7.6% and changes in the mix of homes sold. The division entered into agreements with four carefully selected partners during the year for the sale of a total of 377 homes. The sale of 115 of those homes was completed during the year, with revenue recognised on the plots legally completed. The remaining 262 homes are expected to be completed in the new financial year.

We experienced increases in material and labour costs during the financial year with average inflationary cost increases of 3.4%. Whilst these increases had started to ease during the second half of the year, increases in preliminary costs, as site durations were extended, and increased sales incentives led to a modest reduction in gross margin of 2.0% to 27.0% (2022: 29.0%).

The division delivered an operating profit before exceptional items of £35.0m (2022: £51.2m) reflecting the market slowdown throughout most of the financial year.

Medium-term target

3,000

homes per annum

We enter the new financial year with a stronger forward order book of 665 plots (31 December 2022: 319 plots, 30 June 2022: 618 plots).

We opened three new build sites in the year and are now building on 82 sites across the North of England and the Midlands (2022: 87 build sites). Whilst this was lower than we had originally anticipated due to our response to the economic slowdown, we have retained a healthy pipeline of 173 sites at 30 June 2023, which increased by 561 plots to 17,375 plots (2022: 16,814 plots).

Gleeson Land

The division completed the sale of three sites, under promotion agreements, with the potential to deliver 413 plots for housing development, and delivered an operating profit of £1.0m (2022: £11.1m). The more cautious approach adopted by housebuilders to buying land resulted in some land sales progressing slower than anticipated particularly in the final quarter.

Gleeson Land ended the year with a stronger portfolio, having six sites consented or with resolution to grant, which have the potential to deliver 1,400 plots for housing development (2022: three sites, 1,206 plots), and a further 18 sites awaiting a planning decision or in appeal, with the potential to deliver 4,285 plots for housing development (2022: 16 sites, 3,559 plots).

Under the leadership of its new Managing Director, Guy Gusterson, the business is well positioned for growth and to expand its geographical reach. Our investment in technology and analytics will enable the division to accelerate growth, and is already differentiating our offering compared to other land promoters.

The overall portfolio comprises 70 sites, with the potential to deliver 17,831 plots, and 25 acres of commercial land (2022: 71 sites, 20,241 plots, 25 acres of commercial land). The majority of these sites are held under promotion or option agreements.

We have a strong pipeline of sites and continue to see demand from mid-size and regional housebuilders for well-located, consented land.

Chief Executive's Statement
CONTINUED

The market

The current economic backdrop has impacted buyer confidence across the market. With first-time buyers particularly affected by the end of Help to Buy, we were pleased to see an increase in demand from existing home-owners, which drove a significant shift in our buyer demographics. Reservations from first-time buyers in the second half accounted for circa 50% of open-market reservations compared to a more typical 80%, whilst over 20% of reservations are from buyers aged over 55 years old (2022: 10%).

The average selling price of new build homes in our geographic regions was £272,600, 46% higher than the average selling price of a Gleeson home at £186,200. Gleeson Homes is therefore uniquely positioned to serve customers who might previously have been considering a more expensive property but who, faced with higher mortgage rates, are now looking at more affordable price points. We are broadening our marketing and sales initiatives to target this much wider audience of value-driven potential purchasers. We expect our homes to become increasingly attractive, reinforced by cost of living pressures which will further enhance the attractiveness of a Gleeson home. We also expect that we will see first-time buyer interest returning to more normal levels as confidence returns, further strengthening demand.

The UK's housing market is driven by the structural under-supply of homes in the UK and household formation will continue to ensure strong demand. Our starting point is the estimated nine million rented households in England, of which just under half are in the areas in which we operate. Meanwhile, the cost of renting in the UK continues to outpace the cost of buying a new Gleeson home. Over the last 12 months, in our regions, rental costs for an average three bedroom house increased by 7.7%, and the cost of buying a Gleeson home remains comparable, if not cheaper, than renting. Moreover, Gleeson homeowners see significant savings on their energy bills which are, based on current energy prices, £748 lower per year on a typical two-bed home compared to older housing.

The market served by Gleeson Land for consented land continues to enjoy good demand, but is seeing increased levels of caution from major housebuilders. In their place, mid-size and regional housebuilders have seized the opportunity to step in and bid on sites and, as a result, the demand for attractive, well-located sites with planning permission remains robust.

Gleeson Land is one of two large land promoters whose interests are aligned to their land owners by maximising value on open market sales and who do not sell land to their housebuilding arm.

Strategic review

We held a Capital Markets Day in July at our Petersmiths Park development in Nottinghamshire which, when completed, will comprise 305 homes. At the event, which was well-attended by sell-side analysts and investors, we set out, under the banner of "Putting in place the foundations for growth", why we are excited about the strong growth potential across both Gleeson Homes and Gleeson Land.

At Gleeson Homes, we have clear visibility for the delivery of 3,000 homes per annum over the medium term and have set out an ambition to realise the Group's full potential over the longer term, which could see it delivering circa 10,000 homes per annum.

Gleeson Land is well-placed to expand its regional presence and its rate of acquisitions, using its advanced analytics and research capability, and is expanding its capabilities to become the country's pre-eminent land promoter.

We look forward to keeping the market updated on our progress.

Building safety

The Group remains firmly committed to remediating life-critical fire safety issues on buildings over 11 metres in which it was involved in developing over the last 30 years. In February 2023, the Group entered into the long form agreement with the Department for Levelling Up, Housing and Communities ("DLUHC") self-remediation terms following its initial pledge in April 2022.

We moved swiftly to carry out investigation work, intrusive surveys and fire risk assessments where building owners and management companies permitted. Despite our best efforts progress has been slower than we would like but we are committed to undertaking any remedial work as soon as agreement can be reached. Three additional buildings were identified by Gleeson and notified to DLUHC this year. These buildings are of masonry construction, two of which were conversions from their previous use as mills and one of which was previously notified to DLUHC as a single development but comprises two separate buildings. The overall provision has been reassessed in light of these and a further assessment of the remediation works required on the 14 buildings previously notified and, based on current estimates the remaining provision of £12.8m at 30 June 2023 remains appropriate for the 17 buildings.

Calluna Grange, Broughton Moor, Cumbria

Business restructuring

In response to the economic conditions, the Group took a number of defensive measures early in the financial year. This included pausing land buying, delaying the opening of new sites, and controlling build rates on certain sites in line with demand.

In February 2023, we announced the restructuring of Gleeson Homes. This was completed successfully by June 2023, reducing from nine regional management teams to six and moving to a standardised operating structure. This process had a significant impact on people in the business, and I am grateful for the resilience and support of our colleagues during this period. This action was necessary to reshape the organisational structure and create a strong platform for growth as the market returns. This process resulted in a number of redundancies, generating annualised administrative cost savings of £3.2m and a one-off exceptional cost totalling £1.0m.

We continue to hold a strong pipeline of land and have actively resumed land buying in the new financial year. We have also resumed opening sites, investing in work in progress to provide a platform to accelerate sales as market conditions return.

Immediate priorities

Following on from the restructuring of Gleeson Homes, we now have a standardised operating structure, ensuring that we are more efficient in what we do on a day-to-day basis.

We are rolling out a new and wider product range, including one-bedroom homes, and refreshed elevations to ensure that we attract buyers who might not previously have considered a Gleeson home.

We are widening our marketing and sales activities to all value-driven buyers and placing a particular focus on systems development and training to ensure that we have the best sales processes to improve our buyer conversion rates.

We are considering further multi-unit sales to carefully selected partners, taking advantage of demand in the rental market to reduce risk and maintain our sales rate.

In addition, we are exploring opportunities to develop longer-term partnerships with selected partners who share our values, which would offer incremental growth, whilst moderating our open-market risk and enhancing returns.

Chief Executive's Statement
CONTINUED

Current trading and outlook

Economic uncertainty has continued to subdue the wider market over the summer months. Gleeson Homes' net reservation rate for the 9 weeks to 1 September 2023 was 0.43 per site per week compared with 0.54 per site per week over the comparable period last year. Cancellation rates of 0.10 per site per week were unchanged from the comparable period last year.

However, with a steadying mortgage market and the implementation of a range of sales and marketing initiatives, including the introduction this month of a shared ownership package, we anticipate an increase in our reservation rates during the Autumn selling season. We also continue to receive interest in multi-unit transactions, which would further strengthen sales.

Gleeson Land started the financial year in a stronger position with six consented sites and has already completed the sale of one significant site. Demand for consented sites remains strong and further site sales are anticipated throughout the year.

We therefore view the current year with confidence, whilst remaining cautious around continuing risks in the wider economy and any further impact on customer demand. As market conditions improve, we look forward to returning to significant growth.

Net reservations per site per week (excluding multi-unit sales)

	9 weeks to 1 September 2023	9 weeks to 2 September 2022
Gross reservations	0.53	0.64
Cancellations	0.10	0.10
Net reservations	0.43	0.54

Sustainability review

Home ownership

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." supports UN Sustainable Development Goal 11 ("Sustainable cities and communities") to provide access for all to safe and affordable housing. I am proud that a working couple on the National Living Wage can afford to buy a high-quality home on any one of our developments. This year 84% of the homes that we sold were either in the most deprived areas of the country or on brownfield land in need of regeneration.

We recognise that home ownership may not be an option for some, and we have entered into agreements with a small number of carefully selected partners to sell homes for rent on selected developments. We will continue to explore these opportunities where these are aligned to our mission, vision and values.

Saxon Grange,
Boston, Lincolnshire

People and health and safety

Our independently-assessed people engagement score, at 87%, remained in the top quartile of all surveyed companies this year, with a higher response rate across the Group. It is pleasing that we have maintained our position as we strive to make Gleeson an even better place to work. We will be responding to the latest constructive feedback over the coming months. We place great emphasis on the importance of personal development and training, and keep our employee value proposition under continual review.

On health and safety performance, the number of reportable incidents rose from one last year to six this year. This was disappointing as health and safety has been an area of significant management priority and investment and we continue to re-enforce our "HomeSafe" message across our sites. Whilst we previously outsourced health and safety inspections to a third-party, this was not yielding the quality and consistency that we expect and we have, therefore, taken the decision to bring this activity back in house. This is an important area for us and we seek to measure ourself against best-practice in the industry.

Climate, the environment and our commitment to a Science Based Target

Whilst we have reduced our absolute emissions from direct operations to 3,601 tonnes (2022: 3,714 tonnes), we missed the ambitious target we set in 2021 to reduce our scope 1 & 2 carbon emissions from 2.5 tonnes to 1.75 tonnes per home sold. Emissions per home sold in 2022 had reduced to 1.86 tonnes but increased to 2.09 tonnes in this financial year as a result of the lower number of homes sold.

The increasing push towards nationally described space standards ("NDSS") has the unintended consequences of making homes larger and more expensive despite it being clear that this is not what many customers want, and will increase the embodied carbon emissions of an average Gleeson home over the next few years despite the actions we are taking.

However, we are working hard to reduce all emissions and in August 2023, we committed to the Science Based Targets initiative ("SBTi") to set both a near-term and a long-term carbon reduction target. This affirms our ambition to deliver direct climate action through the decarbonisation of our operations, supply chain and in use emissions. We now have a two year period to submit our targets and have these validated by the SBTi, which includes setting a baseline year and developing a plan for carbon reduction. We will announce the specific targets once we have had these validated, and report against them in future reporting periods.

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

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

We are supportive of the measures to improve energy efficiency and our homes already have better energy performance ratings than most other homes, with 95% of our homes having an EPC "B" rating or above. Customers also benefit from living in an energy-efficient and well-insulated home. The average Gleeson home requires 49% less energy to heat and power than existing housing, and the average Gleeson buyer of a 2-bed home currently saves over £748 per year on their energy bills based on actual usage data.

Build quality and customer service

Build quality remains a priority and for most of our customers buying a Gleeson home represents the single largest financial commitment of their lives. We are committed to meeting our customers' expectations for quality and customer service.

We saw a marginal decrease in our overall customer "recommend" scores during the year to 89.0% (2022: 90.7%). The movement in the score was primarily down to a drop in customer satisfaction levels in a couple of regions, principally at the point of handover, and our effectiveness in dealing with defects promptly thereafter.

Following the corrective actions put in place, we have seen a significant improvement in survey scores received in recent months with current "recommend" scores of 93.9% in the two months to 31 August 2023.

Gleeson was one of the first housebuilders to register under the New Homes Quality Code ("NHQC"). We fully support its principles and our processes have been updated to meet these new requirements.

Graham Prothero
Chief Executive Officer

13 September 2023

Business Review

Gleeson Homes

Results

Gleeson Homes completed the sale of 1,723 homes during the year (2022: 2,000), a reduction of 13.9% on the previous year. Of the homes sold, 115 were to the four carefully selected partners with whom we have entered agreements to sell a total of 377 homes.

Revenue decreased by 4.1% to £320.8m (2022: £334.6m) as resilient selling prices partly mitigated the impact of the reduction in the number of homes sold. The average selling price of homes sold during the year increased by 11.3% to £186,200 (2022: £167,300), driven by higher underlying selling prices which were up 7.6%, changes in the mix of site locations and house types and increased customer extras.

Gross margin on homes sold decreased to 27.0% (2022: 29.0%) reflecting build cost inflation of 3.4%, increased fixed site costs as site durations extended due to the wider market downturn, the impact of multi-unit and affordable sales and the higher use of incentives to secure sales. Despite the increase in average selling prices, the decrease in the volume of homes sold and gross profit margin resulted in gross profit decreasing by 10.7% to £86.5m (2022: £96.9m).

Administrative expenses, which include sales and marketing costs, increased by £5.7m to £51.8m (2022: £46.1m) driven by higher headcount, increased advertising and selling costs and the impact of inflation. Other operating income amounted to £0.4m (2022: £0.4m). Consequently, operating profit before exceptional costs decreased by 31.6% to £35.0m (2022: £51.2m) and operating margin decreased from 15.3% to 10.9%.

Market demand

The combined impact of rising interest rates, the government's disastrous mini-budget in September 2022 and withdrawal of Help to Buy in October 2022, all led to a rapid slowdown in the housing market in the second quarter and a significant fall in demand. Whilst we started to see early signs of a recovery in January and February 2023, demand did not recover to prior year levels. As a result, net reservation rates remained relatively weak over the second half of the year.

Although it remains too early to call, it appears that interest rates, which are currently at 5.25%, are nearing their peak as inflation begins to fall. Equally, mortgage rates are starting to stabilise and reduce, which we anticipate will start to support a return in market confidence and activity.

Responding to market conditions and restructuring for growth

We took action quickly in response to the weaker market conditions. In the second quarter we implemented a number of defensive measures focused on managing working capital and costs. These included slowing build rates on certain sites in line with demand,

Business restructure and standardisation

The restructuring of Gleeson Homes was announced in February and completed by the end of June 2023. Whilst around a third of colleagues were notified that their roles were at risk, the final number of redundancies was kept to a minimum. The restructuring achieved the following:

- Annualised cost savings of £3.2m from 2024
- Reduced from three divisions to two divisions
- Reorganised from nine regions to six regional management teams across the same geographic coverage
- Standardised operating structure, roles, responsibilities, systems and processes
- Establishes a visible route to 3,000 units per annum and beyond
- Opportunities for incremental regional expansion
- Completed at a one-off exceptional cost of £1.0m

delaying the opening of new sites, and pausing land buying.

In February 2023, we announced the reorganisation of Gleeson Homes from three divisions to two and from nine regional management teams to six, adjusting our overhead to suit current volumes whilst maintaining capacity for growth. The process necessarily put at risk a significant proportion of our colleagues, but the final number of redundancies was kept to a minimum through some roles being transferred and through natural attrition over the period.

Annualised administrative cost savings of £3.2m will be fully realised from 2024 onwards. Exceptional costs arising from the restructuring amounted to £1.0m.

An important part of the reorganisation was to restructure the way that the business operates, implementing a standard structure with consistent roles, responsibilities, processes and reporting. This will bring enhanced control and improved quality of both build and customer service, also ensuring that we can confidently maintain these aspects as we grow the business.

Sites

Gleeson Homes opened three new build sites during the year and started the new financial year with 82 active build sites (2022: 87), of which 71 were actively selling (2022: 61). New site openings were paused in response to the economic conditions resulting in a reduction in active build sites. Our average active build sites and sales sites were 85 and 68 respectively (2022: 83 and 63).

Gleeson Homes' developments are located across the North of England and the Midlands, with plans to continue expanding in existing areas and into neighbouring regions. The business expects to open more than 20 build sites during the new financial year and to be building on between 80 and 85 sites and selling on between 60 and 65 sites by 30 June 2024.

Pipeline

Land continues to be available at sensible prices. The pipeline of owned and conditionally purchased sites increased by 3.3% to 17,375 plots on 173 sites at 30 June 2023, representing over ten years of sales (2022: 16,814 plots on 160 sites). Of the total plots, 7,674 plots are owned (2022: 8,478 plots) and 9,701 plots have been conditionally purchased subject to receiving planning permission (2022: 8,336 plots).

During the year, 37 new sites were added to the pipeline, whilst 24 sites were completed or did not proceed to purchase.

Homes sold

1,723 homes

2022: 2,000 homes

Average selling price

£186,200

2022: £167,300

Operating profit

(pre-exceptional items)

£35.0m

2022: £51.2m

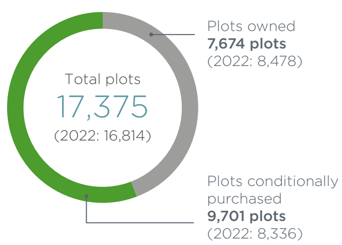
Operating margin

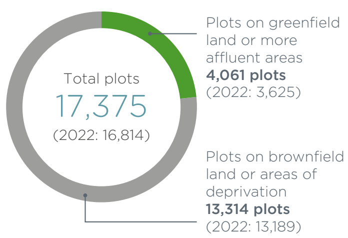
(pre-exceptional items)

10.9%

2022: 15.3%

Pipeline





Business Review

CONTINUED

Gleeson Land

Results

During the year, the business completed the sale of three sites with residential planning permission for 413 plots (2022: six sites, 1,443 plots) at an average of £8,800 gross profit per plot (2022: £9,550 per plot). All sites were sold under promotion agreements.

As a result, revenue from land sales decreased to £7.5m (2022: £38.8m), including £1.3m relating to the completion of a further phase of a legacy site sold in 2019 (2022: £2.5m). The sites sold in the year totalled 55 gross acres. Total gross profit for the year was £3.6m (2022: £13.8m).

Overheads for the business continue to be well controlled at £2.6m (2022: £2.7m). As a result of the reduction in gross profit, operating profit reduced to £1.0m (2022: £11.1m).

The results reflected a more cautious approach from housebuilders and congestion in the planning system, exacerbated by the local elections in May, which delayed a number of sites, particularly in the final quarter of the financial year. However, the business ended the year with a strong portfolio, having six sites either with planning permission or resolution to grant with the potential to deliver 1,400 plots for housing development (2022: three sites, 1,206 plots). Of these, one site has been sold since the year end.

Portfolio

During the year three sites (706 plots) were added to the portfolio, secured under promotion agreements. One legacy site, which was no longer viable to promote, was aborted.

At 30 June 2023, the business had a portfolio totalling 70 sites (2022: 71 sites) with the potential to deliver 17,831 plots (2022: 20,241 plots) plus 25 acres of commercial land (2022: 25 acres). The majority of the portfolio is held under option and promotion agreements with landowners.

The portfolio, which is located in the South of England where land values are highest, is expected to realise value over the short, medium and long term, driven by the planning context of each site.

The land promotion market remains highly competitive but, as one of the largest land promoters, we continue to see opportunities to add well-located, attractive sites to the portfolio. We carefully select sites where we see the potential for residential development and that meet our strict internal hurdle rates. We are making increasing use of technology and data analysis to focus

Monks Farm, Grove, Oxfordshire

our land searches and support our bids, which improves our efficiency and enhances our competitiveness in the bidding process.

Planning

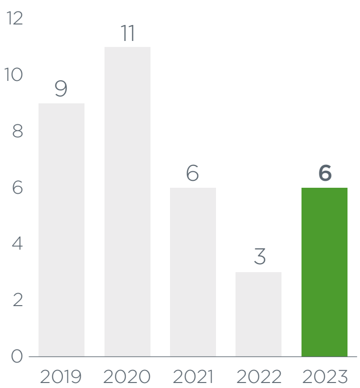
This year, Gleeson Land submitted planning applications on 11 sites with the potential to deliver 2,014 plots (2022: 10 sites, 1,428 plots), and achieved planning consent or resolution to grant on six sites.

The planning system remains chronically slow and this has been further exacerbated during the course of the year by the proposed reforms from government. This has increased uncertainty around planning policy and, in some cases, prompted the withdrawal of housing delivery plans by local authorities. In addition, the delays caused by Natural England's guidance on nutrient neutrality, including phosphates and nitrates, show some signs of being resolved but we await the outcome of the government's planned legislative changes.

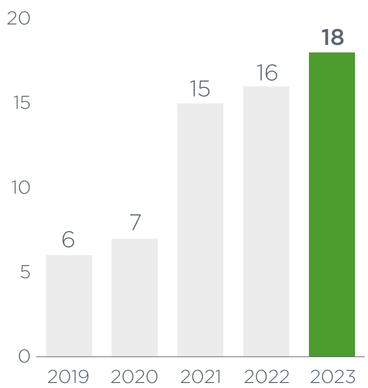
Despite these challenges, Gleeson Land has an excellent track record in navigating the complexities of the planning system. We ended the year with 18 sites awaiting a decision on planning applications or in appeal (2022: 16 sites).

Monks Farm, Grove, Oxfordshire

Sites with planning consent or resolution to grant



Sites awaiting a planning decision



Plots sold

413 on 3 sites

2022: 1,443 on 6 sites

Portfolio

70 sites

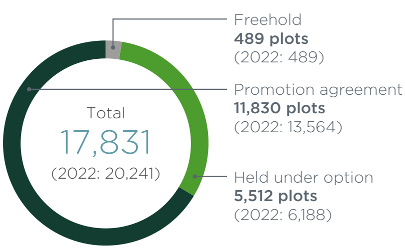
2022: 71 sites

Operating profit

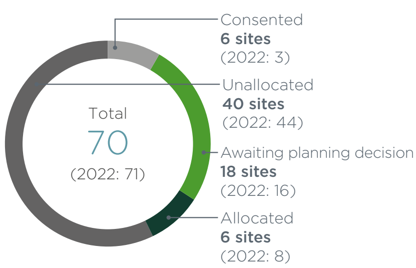
£1.0m

2022: £11.1m

Portfolio (plots)



Portfolio (sites)



Financial Review

Stefan Allanson
Chief Financial Officer

> The economic and market conditions during the year presented significant challenges to demand, reducing revenue and profit for the year."

Introduction

Our response to the economic challenges this year, including our defensive capital allocation plan, has allowed us to maintain a strong balance sheet and resilient profits, leaving us well positioned for future growth.

We continued to invest heavily in commencing the build of a substantial number of homes during the year to ensure an orderly transition to new building regulations, which resulted in higher than typical site work in progress, which will unwind over the next two years, and was the principal driver for the reduced year end cash balances.

Revenue

Group revenue decreased 12.1% to £328.3m (2022: £373.4m) due to the reduction in sales in both Gleeson Homes and Gleeson Land.

Gleeson Homes' revenue decreased by 4.1% to £320.8m (2022: £334.6m) driven by a 13.9% decrease in the number of homes sold to 1,723 (2022: 2,000) offset by an 11.3% increase in average selling price ("ASP") to £186,200 (2022: £167,300). ASP increases were driven by underlying selling price increases of 7.6% and changes in the mix of sites and house types.

Gleeson Land sold three sites in the year (2022: six sites). Revenue decreased by 80.7% to £7.5m (2022: £38.8m), largely caused by housebuilders taking a more cautious view in response to the economic environment. This resulted in some land sales progressing more slowly than anticipated, particularly in the final quarter of the year. In addition, the delays in the planning system meant that we started the year having only three sites with consent or resolution to grant, and fewer planning applications approved during the year. We commence the new financial year in a stronger position with six sites with consent or resolution to grant (2022: three sites) and 18 sites awaiting a planning decision (2022: 16 sites).

Gross profit

Pre-exceptional gross profit for the Group decreased by 18.6% to £90.1m (2022: £110.7m), with gross profit in Gleeson Homes decreasing by 10.7% to £86.5m (2022: £96.9m). The gross profit margin for Gleeson Homes decreased to 27.0% (2022: 29.0%) as selling price increases began to slow, build cost inflation continued and fixed costs increased as site durations extended.

The reduction in site sales in Gleeson Land resulted in gross profit for Gleeson Land reducing to £3.6m (2022: £13.8m).

Administrative expenses

Administrative expenses excluding exceptional costs increased by £2.5m (4.6%) in the year to £57.0m (2022: £54.5m) reflecting increased payroll costs, advertising spend and office costs.

Profits for the year

Group operating profit before exceptional items was £33.6m (2022: £56.8m), a 40.8% decrease on the prior year. This was due to the 31.6% decrease in operating profit in Gleeson Homes to £35.0m (2022: £51.2m) and the reduction in Gleeson Land operating profit to £1.0m (2022: £11.1m). Group overheads were £2.4m (2022: £5.5m), benefiting from a reduction in bonus and share based payment costs including the unwind of share based payment costs charged in prior years.

Net finance expenses increased in the year to £2.1m (2022: £1.3m) due to the combined impact of increasing interest rates and drawdowns of our facility to fund working capital during the year. As a result, the Group delivered profit before tax and exceptional items of £31.5m (2022: £55.5m) and profit before tax of £30.5m (2022: £42.6m).

Group Revenue

£328.3m

Exceptional items

In February 2023, we commenced consultation on the restructure of the Gleeson Homes business, consolidating the three divisions and nine regional management teams to two divisions and six regional management teams. Annualised overhead cost savings of £3.2m were partly realised in the year. The operational restructuring leaves Gleeson Homes better positioned for growth as the market recovers. The £1.0m cost of this restructure included redundancy costs and termination payments, plus professional and legal fees directly associated with the restructuring, and is treated as an exceptional item.

The £12.9m exceptional item in the prior year related to the building safety provisions for life-critical fire-safety remediation costs on buildings over 11 metres that the Group had involvement in developing over the last 30 years. The provision has been re-assessed throughout the year as investigations and intrusive surveys have been carried out. As a result of these investigations, three additional buildings were identified and notified to the Department for Levelling Up, Housing and Communities ("DLUHC"). Following the re-assessment of all other provisions at the year end, there has been no further impact on profit and the remaining provision of £12.8m is considered appropriate. Further information can be found in note 3 to the financial statements.

Tax

The pre-exceptional tax charge was £6.5m which represents an effective tax rate of 20.7% against the headline rate of 20.5%. This followed the change in the corporation tax rate from 19% to 25% from 1 April 2023. A tax credit of £0.2m was recognised in respect of the exceptional cost (2022: £2.5m), resulting in a total tax charge for the year of £6.3m (2022: £7.5m).

Included in the tax charge is £0.3m 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. Whilst the RPDT charge has been low this year due to subdued trading, the levy continues to create an additional tax burden on the industry.

Financial Review

CONTINUED

Profit after tax

Pre-exceptional profit after tax for the year decreased by 45.1% to £25.0m (2022: £45.5m) and reported profit, net of the exceptional charge, decreased 31.1% to £24.2m (2022: £35.1m).

Earnings per share

Pre-exceptional basic earnings per share decreased by 45.1% to 42.9 pence (2022: 78.1 pence). Reported basic earnings per share decreased to 41.5 pence (2022: 60.2 pence).

Return on capital employed

Return on capital employed decreased 1,240 basis points to 13.0% (2022: 25.4%) caused by the reduction in profit and increases in working capital at 30 June 2023.

Balance sheet

During the year to 30 June 2023, shareholders' funds increased by 5.1% to £286.0m (2022: £272.2m). Net assets per share increased to 490 pence, an increase of 4.9% year on year (2022: 467 pence).

Non-current assets decreased during the year by 14.2% to £12.1m (2022: £14.1m). This was due to a reduction in non-current trade and other receivables of £5.0m as a result of the deferred land payments in Gleeson Land all now being due within one year, offset by an increase in property, plant and equipment of £3.0m as a result of additions to plant and machinery, show homes and leased property and equipment.

Current assets increased by 3.1% to £364.3m (2022: £353.5m). Inventories increased by £57.7m to £344.6m of which approximately £30m was invested on site infrastructure and build starts in preparation for the transition to new building regulations on 15 June 2023 and will unwind over the next two years. Trade and other receivables decreased by £15.3m to £13.9m as a result of net receipts of deferred monies in Gleeson Land of £5.0m, reduction in VAT receivables and Help to Buy monies that were outstanding at the end of last year in Gleeson Homes. The remainder was a result of the reduction in cash, which reduced to £5.2m (2022: £33.8m) due to the investment in inventories and property plant and equipment in the year.

Cash and bank facilities

The Group ended the year with cash of £5.2m (2022: £33.8m). 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 additional liquidity to invest in new sites and support future growth.

Dividends

In line with the Board's stated dividend policy, the Company intends to pay a final dividend of 9 pence per share at a total cost to the Company of £5.2m. The dividend will be paid on 24 November 2023 to shareholders on the register at the close of business on 27 October 2023. Combined with the interim dividend of 5 pence per share paid in April 2023, the total dividend for the year will be 14 pence, representing a decrease of 22.2% on the prior year (2022: total dividend per share 18.0p) and is covered 3.06 times.

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

Stefan Allanson

Chief Financial Officer

13 September 2023

Hillcrest Gardens,
Gainsborough, Lincolnshire

Risk Management

Effective risk management is essential to the achievement of our strategic priorities and risk management controls are integrated across all levels of our business and operations.

The Board has overall responsibility for the Group's management and assessment of risk, supported by the Audit Committee. Our risk management framework includes a Group Risk Register, which includes the key risks to the business. The register identifies both principal and emerging risks and informs a formal risk assessment process that considers the likelihood and impact of the identified risks, together with any mitigating controls that are already in place or planned. This position is formally reviewed by the Audit Committee at the majority of its scheduled meetings, including consideration of emerging risk areas and changes in risk ratings.

During the year, the Group commenced a wide reaching project facilitated by external advisers to assess our risk maturity. As a result, we have refreshed our risk management framework, revisited our risk assessment methodology and formalised risk appetite. This project will continue over the course of the next financial year with the objective of embedding enhanced risk management across the Group, underpinned by formalised risk and controls for all business processes. We have also appointed a Group Internal Auditor to help develop our assurance framework and internal audit programme. As well as enhancing the Group's existing corporate governance structure, these changes will ensure its readiness for the proposed revisions to the UK Corporate Governance Code that were announced for consultation by the Financial Reporting Council ("FRC") in May 2023.

Our risk management framework consists of the following components:

Main Board

- Sets the Group risk policy, strategy and overall risk appetite
- Overall responsibility for monitoring and managing principal and emerging risks
- Responsible for the effective operation of the risk management framework
- Sets the "tone at the top" for the proactive management of risk across the Group

Audit Committee

- Monitors the Group's systems, controls and integrity of reporting
- Approves and advises on the internal audit plan and monitors effectiveness of internal audit
- Monitors the performance, effectiveness and independence of external audit
- Monitors the management of principal and emerging risks and responses

Internal Audit

- Provides assurance on how risks are managed operationally
- Provides assurance on the design effectiveness of internal controls and makes recommendations
- Provides assurance on the operational effectiveness of internal controls in practice

Senior Management

- Identifies, reports on, and monitors risk within the relevant function
- Assesses the effective operation of day-to-day controls
- Designs and implements additional controls to mitigate any risks identified

Operational Management

- Operates processes and controls to manage risks in day-to-day activities
- Identifies emerging risks and gaps in controls for reporting to senior management

We categorise our risks into two sources:

- External – macro risks, outside of our direct control
- Operational – risks related to the day-to-day operation of the divisions, within our control

The Group's risk framework shows how the principal risks are rated by the Board in terms of their potential impact on the business and the likelihood of the risk transpiring. The table on pages 37 to 41 summarises the Group's principal risks and the mitigating actions the Group has in place to manage these risks. The Audit Committee has assessed the risks during the year and determined that these remain appropriate and no new or emerging risks have been identified.

The risk matrix is presented after taking account of mitigating controls and actions.

Mitigated risk scores

Risk appetite

The Board sets the risk appetite for the Group based on the level of risk the Board is prepared to accept in its operational and strategic objectives. Risk appetite is set for each principal risk and a target score is set based on this appetite. We define our risk appetite in four categories: averse, low, medium or high.

The Board must balance risk appetite against the level of inherent risk that exists in the business, as construction will naturally have higher levels of inherent risk than many other industries. The level of risk that the Board is willing to accept is balanced in this context and against the cost of mitigating risk entirely.

Risk	Risk description	Assessment	Mitigation
1 **Economic environment** Residual risk: **High** Change in year: **Unchanged** Appetite: **Medium** Strategic priorities: 1 3	An economic downturn or uncertainty in the housing market could affect buyer confidence and the demand for new homes and consented land. This would have an adverse impact on Group revenue, profit, cash generation and carrying value of assets.	The current cost of living crisis, rising inflation and interest rates all contribute to uncertainty in the housing and land markets and have contributed to a reduction in reservations and sales.	• Lead indicators of the economy and housing market are closely monitored. • A cautious approach to funding is maintained. • Visitor and reservation rates are constantly monitored and prices and incentives are regularly reviewed and updated. • Investment in new sites and spend are carefully controlled.

Key:

Strategic priorities

1	Sustainable growth	3	Affordability	5	People, wellbeing, health and safety
2	Build quality	4	Climate change	6	Land

Risk Management
CONTINUED

Risk	Risk description	Assessment	Mitigation
2 **Mortgage availability** Residual risk: **Medium** Change in year: **Unchanged** Appetite: **Medium** Strategic priorities: 1 3	The availability of mortgage finance, particularly the deposit requirements for first-time buyers, is crucial to our customers' ability to purchase. Restrictions on mortgage funding could reduce demand for both new homes and for consented development sites and negatively impact Group revenue and profit.	Mortgage availability has fluctuated in the year as a result of the mini-budget in September 2022 and rising interest rates, but has shown some improvement as the year progressed and lender confidence returned. However, this still remains a risk due to the possibility of further interest rate changes in the face of stubborn inflation.	• Lead indicators of mortgage availability are closely monitored. • Gleeson Homes provides a range of customer assistance packages. • We innovate to find new ways to support our customers. • We work with key lenders to ensure products are appropriate and available.
3 **Land availability** Residual risk: **Medium** Change in year: **Unchanged** Appetite: **Medium** Strategic priorities: 1 3 6	An increase in land prices or decrease in land availability would reduce the viability of sites in Gleeson Homes given the high hurdle rates internally set, and would increase competition for promotional opportunities in Gleeson Land, driving down profitability and cash flow.	Although land prices remain strong, as does the competition for new sites, we continue to find land available to purchase at prices that meet our hurdle rates to support the growth of Gleeson Homes. Gleeson Land continues to source opportunities to sign up and promote high-quality land for development across the South of England.	• We have a clearly defined land strategy and geographic focus, which are regularly reviewed by the Executive Directors. • We work closely with local authorities to identify and purchase land at sensible prices. • There is a formal gateway process and rigorous adherence to margin requirements and rates of return. • We have proactive land searching capabilities and strong relationships with land agents.
4 **Government policy and regulations** Residual risk: **High** Change in year: **Unchanged** Appetite: **Medium** Strategic priorities: 2	Planning regulation changes due to changes in government policy or complexities within the system may affect the Group's ability to secure planning consent on a timely basis. Other policy changes, including changes to building regulations, the Future Homes Standard and Help to Buy, may adversely impact revenue, profit and cash flow.	Changes to building regulations including Part L (Conservation of fuel and power), Part F (Ventilation), Part O (Overheating), Part S (Infrastructure of charging electric vehicles) and Part M (Access to and use of buildings) all change the way our homes are built and impact on build costs. Additional environmental requirements including Biodiversity Net Gain, nutrient neutrality and phosphate and nitrate mitigation are also creating challenges to pursuing residential planning permissions.	• Our planning and technical experts closely monitor changes to legislation and building regulations. • Changes to building regulations are built into site cost plans and forecasts. • We consult with government, local authorities and industry bodies to understand proposed changes and highlight issues as early as possible. • The end of Help to Buy is not expected to reduce demand. First Homes and other initiatives will continue to support first-time buyers.

Risk	Risk description	Assessment	Mitigation
5 **Build costs and availability** Residual risk: **High** Change in year: **Unchanged** Appetite: **Medium** Strategic priorities: 1 2 3	Shortages or increased cost of materials or skilled labour, the failure of key suppliers or the inability to secure supplies on appropriate terms could increase costs and delay build programmes, reducing revenue and profit.	Whilst some of these pressures have eased during the year and we are seeing reductions in certain material prices and improvement in the availability of labour, inflation continues to remain high and there is an ongoing risk.	• The Group procures supplies ahead of issues or stoppages on sites. • Price increases are mitigated in part by rising average selling prices. • Group purchasing arrangements are in place to ensure continuity of supply and pricing. • We have strong, established relationships with key suppliers and subcontractors.
6 **Build quality and customer service** Residual risk: **Medium** Change in year: **Unchanged** Appetite: **Low** Strategic priorities: 2	A failure to build new homes to the standard and quality that our customers expect, to not treat our customers fairly, or not respond adequately to complaints or rectify defects in a timely and professional manner. Adverse publicity from perceived poor build quality would damage our reputation, lead to lower sales and impact future revenue and cash flows.	The customer and customer experience are at the heart of what we do. We will not hand over a new home where it does not meet our quality requirements and we have a strict inspection process in place. We committed to the New Homes Quality Code last year and have continued to invest in our Customer Care team and after sales support to ensure any defects or issues are rectified quickly.	• We are registered with the New Homes Quality Code. • A strict final inspection process identifies issues and allows us to remedy these before handover. • Gleeson Quality Charter sets out what our customers can expect in terms of quality. • Independent build inspections and buyer surveys ensure a high level of quality control. • We continue to invest in our customer care team.
7 **People** Residual risk: **Medium** Change in year: **Unchanged** Appetite: **Medium** Strategic priorities: 5	Failure to attract, develop and retain good-quality people with the right skills may result in overstretched and demotivated staff, decreased productivity or quality and stifled growth opportunities. Inadequate succession planning could result in inefficiency and a loss of key knowledge from the business.	The focus on recruitment, development, and recognition is reflected in high scores on our annual employee survey. The leadership development and succession programme put in place has continued to strengthen the management team. Our focus on making Gleeson one of the best companies to work for will help to attract, develop and retain good-quality people.	• We have a clear mission, vision and values that our people share. • We have regular performance and development reviews. • Action is taken from the feedback gained from our employee surveys. • Our people have access to training throughout their career at Gleeson. • Our remuneration policy is reviewed and benchmarked to ensure it remains attractive.

Key:

Strategic priorities

1 Sustainable growth
2 Build quality
3 Affordability
4 Climate change
5 People, wellbeing, health and safety
6 Land

Risk Management
CONTINUED

Risk	Risk description	Assessment	Mitigation
8 **Cyber and IT systems** Residual risk: **Medium** Change in year: **Unchanged** Appetite: **Low** Strategic priorities: 1	Failure of the Group's IT systems or unauthorised access to systems due to inadequate protection, controls, processes or cyber attack could result in data loss, business disruption, reputational damage or financial loss.	We continue to invest significantly in our IT systems and networks so these remain secure and up-to-date, whilst continuing to support remote working as needed.	• Industry-standard systems are managed by a central IT team with additional outsourced support. • Contingency plans are in place and regularly tested. • The majority of data is held on secure external servers and backed up regularly. • Regular testing is conducted on the security of our systems. • Enhanced email, network and cyber controls have been implemented during the year.
9 **Health and safety** Residual risk: **Medium** Change in year: **Unchanged** Appetite: **Averse** Strategic priorities: 5	Health and safety failures can result in injuries to employees, subcontractors or site visitors, resulting in harm to people, delays in construction, additional cost, reputational damage, criminal prosecution or civil litigation.	The health and safety of our people and anyone associated with our developments is paramount to our business, and we continue to improve our training and awareness across the business.	• Experienced health and safety team in place to provide regional support, inspections and training. • Our "HomeSafe – everyone, every day" campaign promotes the focus on health and safety awareness across the Group. • Regular independent inspections of all development sites. • We have specific actions to improve health and safety reporting and performance. • Documented policies and procedures are updated to ensure continued focus and improvement.
10 **Financial environment and control** Residual risk: **Medium** Change in year: **Unchanged** Appetite: **Low** Strategic priorities: 1 3	The availability and cost of finance may limit the Group's ability to take advantage of business opportunities and be a possible impediment to future growth. An inability to meet obligations as they fall due or comply with banking covenants could result in insolvency. The Group could suffer losses from financial fraud or error, poor controls including over taxes, credit risk or through having inadequate insurance.	The Group maintains a strong relationship with its lenders, insurance providers and other stakeholders, and maintains a disciplined approach to managing working capital and compliance with bank facilities. The risk of financial fraud or error is closely monitored by management, the Audit Committee, and the Board. Although the financial, regulatory and tax environment continue to change for corporate entities, the Group has adequate knowledge and experience to maintain compliance, supported by third-party advisers.	• The Group has committed bank facilities of £135m until October 2026, shared between two established lenders. • The Group maintains security over the majority of land sold on deferred terms. • External firms are used to provide "health checks" over systems and processes. • External advisers are employed to support the production of tax and other returns. • The Group has robust financial and tax controls designed to segregate duties and minimise opportunities for fraud or error.

Risk	Risk description	Assessment	Mitigation
11 **Climate risk** Residual risk: **Medium** Change in year: **Unchanged** Appetite: **Low** Strategic priorities: 4	The physical effects of climate change could result in reduced land availability, disrupted build programmes or shortages of materials due to more frequent extreme weather events.	The speed of climate-related legislation changes and expectations on businesses to respond to climate change continues to accelerate. The Group is taking action to monitor and reduce the impact of our activities on the environment both now and in the future.	• We undertake detailed flood, environmental, and biodiversity assessments as part of preparing planning applications. • We set clear targets to reduce our carbon emissions and waste from sites. • We track carbon emissions, waste and other initiatives to evaluate the success of our actions. • We have committed to setting medium and long-term targets validated by the SBTi.
12 **Sustainability** Residual risk: **Medium** Change in year: **Unchanged** Appetite: **Low** Strategic priorities: 1 2 3 4 5 6	The Group could fail to meet the expectations of stakeholders relating to our sustainability responsibilities including climate change, health and safety, governance, build quality and customer service. Failure to ensure we remain a sustainable business could affect the Group's ability to secure sites, planning permissions, attract house buyers, recruit new employees, appeal to investors or raise finance when needed. By not having clear targets and effective communication of our sustainability strategy, this could result in damage to the Group's reputation.	Stakeholder expectations relating to corporate sustainability are rapidly evolving. We continue to actively engage with our stakeholders and advisers to understand expectations, and monitor sustainability best practice.	• The Sustainability Committee oversees the development, implementation, and reporting of sustainability initiatives. • The Group Sustainability Manager is responsible for embedding the sustainability strategy into operations. • We publish and monitor clear targets to ensure our business operates in a sustainable and socially responsible way. • We report in line with the recommendations of the Financial Stability Board's ("FSB") Task Force on Climate-related Financial Disclosures ("TCFD") and with SASB Standards.

Key:

Strategic priorities

1 Sustainable growth
2 Build quality
3 Affordability
4 Climate change
5 People, wellbeing, health and safety
6 Land

Our Sustainable Approach

Sustainability means "meeting the needs of the present without compromising the ability of future generations to meet their own needs".

Sustainability underpins everything we do at Gleeson. Our mission and vision define our approach to the social aspects of sustainability, whilst our business model and strategy ensure that we do this in a way that ensures sustainable economic growth whilst protecting and conserving natural resources. The three pillars of sustainability as defined by the United Nations as Social, Environmental and Economic are fundamental to our business approach, taking what is important to our stakeholders and applying this to all areas of the business. At Gleeson, our sustainability approach is based around Communities, People and the Environment. Economic impacts are considered alongside each of these in all of our decision making.

Social

Creating a better quality of life for all

UN Sustainable Development Goals ("SDGs")

5 GENDER EQUALITY · 8 DECENT WORK AND ECONOMIC GROWTH · 11 SUSTAINABLE CITIES AND COMMUNITIES · 15 LIFE ON LAND

Communities

Our customers

Read about what is important to our customers, and how this is fundamental to our sustainable strategy on pages 44 to 49.

Wider communities

Read about how we consider the wider community, and how we provide social value, on pages 50 to 51.

People

Employees and subcontractors

Read about how we attract, retain and develop our people on pages 52 to 57.

Human rights

Read about our Human Rights Policy on page 123.

Living wage

Read about our commitment to pay the Real Living Wage on page 56.

Training and apprenticeships

Read about our apprenticeships and training schemes on page 52.

Reward and recognition

Details of how we reward our people are set out on page 56, with further details in our Remuneration Report on pages 134 to 147.

Gender and diversity

Details of our gender diversity and pay gap can be found on page 56.

Environmental

Protect and conserve natural resources whilst using them in a responsible manner

UN SDGs

11 SUSTAINABLE CITIES AND COMMUNITIES · 12 RESPONSIBLE CONSUMPTION AND PRODUCTION · 13 CLIMATE ACTION · 15 LIFE ON LAND

Environment

TCFD

Our TCFD disclosures set out how climate change impacts our strategy, activities and financial performance both short and long term.

Carbon emissions

- Details of our commitment to Science Based Targets are set out on pages 58 and 60.
- A summary of the carbon emissions of a home are set out on pages 58 to 59 and pages 64 to 65.
- Read about the initiatives we have taken and plan to take on pages 60 to 61.

Land, water and waste management

Details of our impact on land, water, waste management and supply chain are set out on pages 61 to 63.

Biodiversity

Details of our new biodiversity strategy are set out on pages 66 to 67.

SASB disclosures

Further disclosures required by the Sustainability Accounting Standards Board can be found on pages 86 to 91.

Bat boxes at Willows Park, Accrington, Lancashire

Economic

Ensuring that sustainable economic growth is possible and economically viable

UN SDGs

Sustainable growth:

- Our approach to sustainability is set out in our business strategy and business model.
- TCFD sets out the economic impact of climate change on our business in the near, medium and long term, the governance we have in place to monitor and mitigate these risks, and the potential economic impact of the risks and opportunities identified.
- Monitoring of key performance indicators allows us to report on and respond to the economic impacts of our activities.
- Risk management incorporates sustainability when assessing each functional risk area, and considers the financial impact should these risks materialise.

UN Global Compact

During the year, Gleeson became participants of the United Nations Global Compact ("UNGC") and Members of the Network UK. We are committed to making its principles the foundation of our strategy, culture and operations. By being participants of the UNGC we are now part of a global movement with more than 15,000 companies and 3,800 non-business participants.

As the world's leading corporate sustainability initiative, the UNGC is a call to action for companies to align strategy and operations with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

This year we have reviewed and aligned relevant polices to incorporate the ten principles of the UNGC and taken a significant step in taking climate action by committing to set Science Based Targets (see page 58). We have established targeted actions to improve equity, diversity and inclusion across the business and we are going to undertake a full review of our supplier code of conduct.

We continue to support material Sustainable Development Goals ("SDGs") and were the only UK housebuilder to support the UN SDG Flag Campaign where we proudly flew the UN SDG flag on every development to raise awareness of SDGs.

This year we will submit our first Communication on Progress ("CoP") and reaffirm our commitment to the ten principles of the United Nations Global Compact.

The key goals for Gleeson are:

- 11 Sustainable cities and communities: Make cities and human settlements inclusive, safe, resilient and sustainable.
- 12 Responsible consumption and production: Ensure responsible consumption and production patterns.
- 5 Gender equality: Achieve gender equality and empower all women and girls.
- 13 Climate action: Take urgent climate action to combat climate change and its impact.
- 8 Decent work and economic growth: Promote sustained, inclusive and sustainable economic growth, full productive employment and decent work for all.
- 15 Life on land: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

Communities

Our vision:

Building Homes. Changing Lives.

Our mission:

Changing lives by building affordable, quality homes. Where they are needed, for the people who need them most.

Isla, Petersmiths Park, Ollerton, Nottinghamshire

Our customers

We put our customers and their communities at the heart of everything we do. We create communities for our customers and work hard to leave a legacy for generations to come, regenerating land and contributing to the local area.

Our customers want to live in high-quality, sustainable homes that are affordable and energy-efficient. They want attractive and well-designed spaces that create vibrant and safe communities in which to live.

Our customers want modern designs of houses to choose from and, for this reason, we update our house types and elevations regularly to ensure that our homes remain attractive and in keeping with the local area. We also offer a number of additional extras and options to suit our customers' tastes and budgets.

Our customers have historically been young first-time buyers and families on low to average incomes. Whilst we continue to focus on this sector, we have also seen a shift in our customer demographics this year towards home movers, downsizers and "value-driven" buyers who are attracted by our low price points. We are continuing to broaden our appeal and offerings to these buyers.

In order to assist our buyers, we already offer or facilitate a number of initiatives and incentives:

- Deposit Unlock
- 100% mortgages
- Cash incentive up to 5% on selected plots
- First Time buyer assist
- First Homes
- Shared Ownership
- Own New

Whilst we continue to attract first-time buyers, we recognise that home movers are attracted to our properties and, as such, have introduced some limited part-exchange for the first time this year. This is offered through Property PX Group who buy and sell on our customers behalf. Our desire to help people into home ownership remains our key goal. However, as a result of the challenging macroeconomic environment and the impact on demand, we have also partnered with a selected number of investors this year, who are aligned to our values. This enabled a number of plots on certain developments to be sold and offered for rental, providing those who are not able to buy with the benefit of living in a high-quality, energy-efficient home. We have partnered only with those investors who have the highest standards of property management, ensuring our developments retain the community ethos we set out to create.

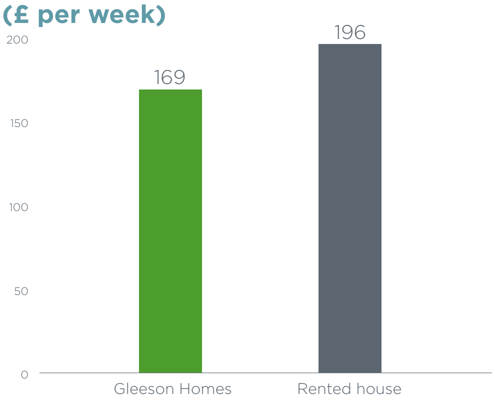
We will continue to explore partnership and other opportunities where these are in keeping with the ethos and mission of Gleeson, to change lives by building affordable, quality homes where they are needed and for the people who need them most.

Cost of living

Despite the rises in interest rates and house prices, it remains cheaper to buy than rent. Not only is it £27 cheaper in terms of weekly payments for a typical 2 bed Gleeson home versus renting an equivalent house, buying a house is an investment for the future generating additional wealth even before factoring in any house price inflation.

In addition, energy savings are increasingly important and buyers could typically save a further £14 per week living in a Gleeson home compared to existing housing, which is often older and less energy-efficient.

Cost of a 2 bedroom home (£ per week)



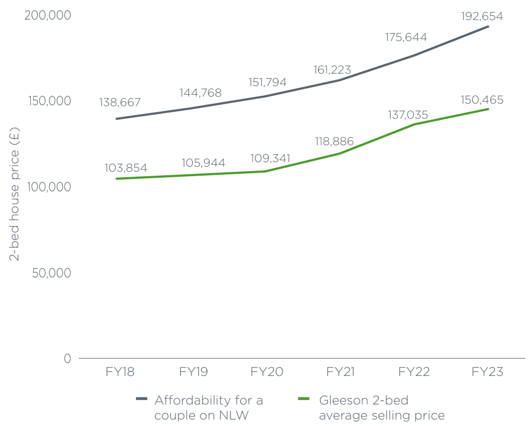
Gleeson 2-bed FOB OMS ASP £151,820. Mortgage payments on 90% LTV, 5 yr fixed, 35 yr term at 5.49%.
Rental cost based on the median of new rent listings of a 2-bed house in the North of England and East Midlands in July 2023. Data provided by OnTheMarket.

Affordability

Affordability is one of our key strategic objectives and supports UN SDG 11 "ensure access for all to adequate, safe and affordable housing".

Whilst our average selling price increased from £167,300 to £186,200 this year, this remains 32% lower than the average price of a new build house in the North of England and East Midlands. We remain committed to ensuring that a couple working full time earning the National Living Wage can afford to buy a Gleeson home on any of our developments. This is highlighted by the fact that since 2014 the National Living Wage has risen by 65%, whilst the average selling price of a Gleeson home has only risen by 53%.

Affordability for a Couple on the National Living Wage ("NLW")



Quality

We do not compromise on quality to deliver affordability. We source quality materials and work with our supply chain to get the best prices, whilst also considering more sustainable and energy-efficient alternatives.

We proudly provide the Gleeson Quality Charter to all customers as a commitment to both quality homes and great customer service throughout the buying journey and beyond. All of our homes come with a two-year Gleeson warranty and a ten-year NHBC Buildmark Warranty or similar, and we operate under the government's New Homes Quality Charter.

Disappointingly, our customer recommendation score fell this year below the equivalent of the Home Builders Federation five-star rating. We achieved a score of 89.0%, which was 1.7% lower than our score for the previous year, which put us just below the 90% needed to achieve the equivalent five-star rating. We have taken the time to understand the reasons for the fall in our customer recommendation score this year and put in place corrective actions. Improvements have been seen in recent survey scores and give us confidence that we will be able to exceed a 90% customer recommendation score again in 2024, regaining our five-star status.

Communities

CONTINUED

Changing the lives of

Kaity and Keelan

From a spare room living with their parents to a 2-bedroom Gleeson home of their own!

After living with Kaity's parents and outgrowing their spare room with a newborn baby, the couple knew it was time to start looking for their first home together and take the first step onto the property ladder. Kaity and Keelan have now enjoyed their first Christmas and celebrated their little boy's first birthday in their new Gleeson home.

We spoke to the couple about their journey with Gleeson: *"As soon as we set foot in the Gleeson sales office something just felt right. The staff were warm and friendly, they answered all of our questions and just really went out of their way to help us. We had lots of bumps in the road, but we always felt as though the Gleeson team were rooting for us and doing their best to help.*

At the time, Keelan was newly self-employed so unfortunately the mortgage companies would not take his wage into account when we were applying. Because we hadn't anticipated this being a problem it totally changed the budget we had to spend. This led us to look at buying a house using an affordability scheme so naturally a new build home seemed like the right choice for us. With Gleeson, there really is an option for everyone and I would encourage anyone who's sat thinking they couldn't afford to own their own home to call in and speak to someone in the sales office and see what is out there.

We had a six-month-old baby at the time so the thought of buying an older property and potentially having to redecorate a whole house was a definite no for us. We were sure we wanted to move into something that was ready to go and as energy-efficient as possible, which we found absolutely was the case in our new home.

We moved in December 2022 just as the energy bill crisis was at its peak, but we have been so surprised by how low our bills are, we really do wish we had moved sooner! Everyone that has been to visit our house always comments on how warm it is inside and we have been really pleased with how well it keeps its heat and in the winter we hardly seem to have the heating on.

The houses are great value for money compared to other new builds that we looked at. Gleeson homes are well spaced out and the gardens are huge, which is a bonus too. They also had a good range of incentives and schemes for first-time buyers such as the shared ownership scheme we went for."

CUSTOMER CASE STUDY
TO SEE MORE VISIT **MJGLEESONPLC.COM**

Buyer:	Kaity, 26 and Keelan, 27
Occupation:	Kaity is a ward-based pharmacy technician for the NHS and Keelan is self-employed as a fencing contractor
Date of purchase:	December 2022
Development:	Grangemoor Park, Widdrington, Northumberland
House type:	2-bed semi, Cork
Purchase price:	£125,000 – 50% shared ownership
Mortgage cost:	£238 plus shared ownership cost of £169 per month

Changing the lives of

Debbi and David

Purchasing their second Gleeson home!

Buyer:	Debbi, 47 and David, 51
Occupation:	Account Manager and Retired RAF Airman
Date of purchase:	June 2023
Development:	Petersmiths Park, Nottinghamshire
House type:	3-bedroom detached, Renmore
Purchase price:	£230,995

Debbi and David decided it was time to move from our Woodhorn Park development in Northumberland and chose to move to another Gleeson development, Petersmiths Park in Nottinghamshire.

On their journey, Debbi said: "*David and I were looking to move further south, so we were closer to our family. My family live in South Wales and David's live in Yorkshire, so the Midlands was a perfect location between them. When we discovered that Gleeson had a development in the area we were house hunting in, we knew we wanted to buy our second Gleeson home! David's nephew also owns a Gleeson home on another development so the decision for us to buy our next home was easy; we knew what we were dealing with and were excited to start the journey!*

We previously owned a 3-bedroom semi-detached Galway style house, which we purchased for £132,995. However, for our second home we fell in love with the Renmore house type. Moving to a detached home is something we always wanted. As well as the overall look of the home, it has a traditional yet modern feel to it and we love the exterior, with the door central, as well as the central staircase separating the living room from the kitchen and the bedrooms upstairs.

The process of buying our second home was a breeze. The sales team at Petersmiths Park, especially Josh and Louise, were amazing. We bought our property in a slightly unconventional way, as living three hours away, we couldn't visit the property before buying it, so Josh and Louise were our eyes and ears, communicating every step of the way and updating us on progress. Without them, we wouldn't have been able to buy our home so they were fundamental in the process.

Our development is located in a superb area, close to woodland and rivers, and as David is a keen fisherman, and we are both outdoorsy people, this was a huge selling point for us! We love getting out on walks and exploring the local area!"

CUSTOMER CASE STUDY
TO SEE MORE VISIT **MJGLEESONPLC.COM**

Changing the lives of

Harry and Henry

Cheaper to own their own Gleeson home than to rent!

After initially moving into rented accommodation, Harry, 24 and Henry, 21 decided they wanted to stop wasting their money on rent and to start putting it towards a deposit, so moved back in with Henry's parents to maximise their savings. On discovering their Gleeson development, the couple were thrilled to find out that homeownership was much more achievable than they had originally thought, especially after realising renting a one bedroom flat worked out to be more than a monthly mortgage cost for a 2-bedroom Gleeson home.

Harry and Henry said: *"After meeting during the first lockdown we decided to move into a rented flat together, however, we didn't have the best experience. Our rented flat, which cost £450 per month was cold, damp and had mould climbing all the walls, which were severely affecting our mental and physical health. As a result, Henry's parents kindly let us move in with them, which allowed us to save the deposit for a new home much faster.*

We chose the 2-bedroom semi-detached Kerry style house type which is the perfect size for us, plus we really love how large our garden is. We came across Gleeson early last year when the first phase of homes was released, however, our plot wasn't ready to be reserved! We were constantly checking on the website every day until we saw the yellow dot and we managed to reserve our dream home within the first week of it becoming available.

The cost of owning our own home is cheaper than what we were paying in rent, and we're only paying £436 per month, which is an amazing feeling as we are now investing in ourselves and not paying off someone else's mortgage. Also with a new build we haven't had to deal with any of the issues we had in our rented accommodation, so that has improved our overall health both mentally and physically too. We have also found that we rarely need to put the heating on as the house is always warm, which is fantastic as this will be saving us money on our energy bills, compared to what we were spending, or if we had gone for an older renovation project.

We also have a bat box on the side of our house, which Gleeson installed as part of their sustainability initiative and we absolutely love it, we are now just waiting on some new friends to move in. Gleeson provides great quality and affordable homes, which are very difficult to find. We are so happy to finally be on the property ladder and never want to look back at the days when we were stuck renting."

CUSTOMER CASE STUDY
TO SEE MORE VISIT **MJGLEESONPLC.COM**

Buyer:	Harry, 24 and Henry, 21
Occupation:	Both work for a Tele Communications company
Date of purchase:	December 2022
Development:	Willows Park, Accrington
House type:	2-bedroom semi-detached, Kerry
Purchase price:	£144,995
Mortgage cost:	£436 per month
Previous rental cost:	£450 per month

Strategic Report | Corporate Governance | Financial Statements | Other Information

Changing the life of

Annie

Attracted to move house by the quality and value of a Gleeson home!

After visiting our popular Petersmiths Park development in Nottinghamshire with her daughter, Paige, who was looking to buy a Gleeson home, Annie decided she wanted to move instead! Annie instantly fell in love with the development – so they made a deal; her daughter would buy her previous home and Annie would move into her dream home at Petersmiths Park!

We spoke to Annie about her homebuying journey:

"I previously lived in a 3-bedroom semi-detached home and was mortgage free, finally! My daughter was looking for her own house to buy, but most second-hand homes we looked at were just out of her price range. A friend of hers introduced her to Gleeson and we ventured over to view the properties. My daughter loved the homes and the prices, totally affordable, but decided she wanted to stay close to Nottingham. On the other hand, I instantly fell in love with Petersmiths Park. I loved the location, the views and the prices! So we made a deal, my daughter bought my house, and I took out a small mortgage and have never looked back.

Initially I was interested in the Kildare and hoped to reserve a plot, however, because the development was so popular, I just missed out. Louise, the Sales Executive convinced me to take a look at a slightly larger home, the 4-bedroom Longford and wow, I'm glad I did! The layout is spacious, the blank canvas gave me so much freedom to make it my own and my front and back garden are both large too. The natural lighting and privacy in my home is something I've never seen on other new build developments before and to top it all off, it's affordable too! I will always be grateful to Louise. This is my dream home and now I have plenty of space to share this with family and friends when visiting.

I would advise anybody who is considering buying a Gleeson home to reserve right away, these homes are so popular and you can see why once you've viewed them! I've only been here for just over two months, and I am very much looking forward to creating my own little haven. I've met some wonderful neighbours since moving in and this particular location is close to lots of woods and forest walks, which I have yet to explore. My stress levels are minimal, and the air, ambience and vibe of this community are second to none!"

Buyer:	Annie, 50
Occupation:	International Contracts Manager
Date of purchase:	April 2023
Development:	Petersmiths Park, Nottinghamshire
House type:	4-bedroom detached Longford
Purchase price:	£257,995
Mortgage cost:	£312 per month

CUSTOMER CASE STUDY
TO SEE MORE VISIT **MJGLEESONPLC.COM**

Communities
CONTINUED

Other community matters

Our commitments extend beyond our customers to the wider community and the way we carry out business on a day-to-day basis. We have a long history of partnering with local schools, giving health and safety talks, inviting school trips to our sites for children to learn about housebuilding, and running competitions to name sites or streets. We want our developments to be part of the community.

Cumbria

Heathlands Project

The Cumbria team donated £1,000 to a local charity, Heathlands, to help improve their sensory garden with a new water feature, picnic bench and plants. Allison Scott, Sales Manager, visited the charity to present the cheque and said: *"Heathlands is a charity that helps people with learning or physical disability, mental health issues and brain injuries and it gives me great pleasure to present this amount from Gleeson Cumbria".*

Workington Rugby Sponsor

We are proud that our signage is on display at the rugby club as well as new jackets provided to the groundsmen and our logo on the back of the lawn mower! Frazer Thompson, Regional Director and David Wright, Senior Land Director, visited the ground to meet the team.

Tees Valley

Remembering DC Porter, Greenfield Park

The Tees Valley team unveiled a commemorative plaque at Greenfield Park in memory of DC Porter who sadly lost his life in 1982 when responding to a break in at the former wallpaper factory in Bishop Auckland, now known as our Greenfield Park development. Steve Lloyd, Trustee of the Police Memorial Trust unveiled the plaque at the entrance to the development.

Merseyside

Teardrops

Our Merseyside regional office collected donations for the homeless charity Teardrops who support rough sleepers and those in poverty. They provide food, clothes and toiletries as well as offering support and advice. As well as donating food and clothes, the team also gave unwanted pots and pans from their kitchens to the charity, which arranges cookery classes for those who have not had the chance to use a home kitchen.

Our colleagues regularly get involved in fundraising efforts for a variety of causes, a few of which are set out below:

East Yorkshire

Lincolnshire & Notts Air Ambulance

Our East Yorkshire team donated over £3,000 to Lincs & Notts Air Ambulance. The team raised this fantastic amount by selling show home furniture.

Maureen Hynes, Sales Manager said: *"We wanted to choose Lincs & Notts Air Ambulance as our Charity of the Year as I live in Lincoln and see the helicopter fly overhead on a regular basis. Every time it goes by, I know someone is in trouble. It takes a special person to be an LNAA doctor or paramedic and do what they do day after day."*

LNAA Community Fundraiser, Steph Bradshaw said: *"It is lovely that Gleeson Homes has nominated us as their chosen Charity for 2023. This support allows our crew to deliver the best possible care to patients across Lincolnshire and Nottinghamshire 24 hours a day, seven days a week, whether that is by road or by air. Thank you!"*

Andy's Man Club

Andrew Davies, Divisional Managing Director, Wayne Sutton, Regional Managing Director and Bev Reynolds, Head of Sales, presented the charity with a cheque for £2,945, which was raised by selling show home furniture at Dane Park, Hull.

Gleeson Land

Countess of Brecknock Hospice

Gleeson Land supported the Countess of Brecknock Hospice in Andover this year and raised over £2,000 with a variety of fundraising events. The hospice provides palliative and end of life care to adults suffering from life-limiting illness in Andover and the surrounding area.

COMMUNITY CASE STUDY
TO SEE MORE VISIT **MJGLEESONPLC.COM**

People

We are Passionate

We are Collaborative

We are Respectful

Our values and culture

Achieving our objectives relies on having the right people in the right roles, supported through training and development. We want all of our colleagues to share our vision, mission and values.

Our aim is to attract, retain and develop people who share the values and culture of the Group and to promote a vibrant, diverse and forward-thinking environment for people to flourish.

Our HomeSafe brand is fundamental to taking care of our people, ensuring that everyone who is involved with, or affected by, our business remains free from harm and returns home safe every day.

Attracting the right employees

Attracting the best candidates and developing talent in our business is crucial to ensure that we have the right skills for operational delivery and future growth. We have a number of pathways which support attracting new and young talent into the business.

Graduate programme

In August 2021, we launched our first two-year graduate programme with 11 new Land Graduates in the Gleeson Homes land team. We are delighted that ten of these Land Graduates have successfully completed their programme and all have been promoted into permanent roles within the Gleeson Homes land team. The graduates followed a structured programme, which consisted of on and off the job learning, mentoring, and learning workshops where they covered topics including technical issues, planning, valuation, commercial management and interpersonal skills.

The graduate programme has been a great success, with each of the individuals going through the programme taking on valuable projects, including conducting land bids and purchasing land.

Apprenticeship programme

We continue to have a long-standing and active apprenticeship programme across the Group and we currently have 66 apprentices, approximately 65%, in trade site-based roles and 35% in office trainee positions such as commercial, technical and finance roles. Our Learning and Development team proactively support all apprentices conducting regular visits and reviews to monitor their progress and to assist them in remaining on track with their programme, helping them to complete their qualification.

In addition to this, we have 14 colleagues who are undertaking training through an apprenticeship route as part of further skills development.

Case Study

Emily Brown

Land Graduate – Tyne & Wear

Why did you choose a Graduate scheme at Gleeson?

Whilst studying my Masters in Planning and Surveying I had a keen interest in development and housing delivery. From researching a range of different roles that would fall under that umbrella, I came across the Gleeson advert for the graduate programme. The job description ticked a lot of boxes that I was looking for and covered a wide range of disciplines that I thought I would really enjoy.

What have been the highlights of your experience as a graduate at Gleeson?

I have learnt so much over the past two years and gained a whole range of skills that I didn't expect to, which has been a major highlight. As I was part of the first cohort of graduates, it has felt like we have been able to pave the way and help shape the scheme for future graduates. Our learning objectives have been listened to throughout and I have felt very involved in the programme.

From the start, I was given the opportunity to get involved and put my own stamp on things. I recently received planning permission for one of the very first sites I presented to the Executive Directors. Being able to take a site full circle from putting an offer together, through legals, into planning and receiving permission throughout the course of the graduate programme has been a major highlight. It is rewarding to feel that over the past two years my contribution has made a difference.

What have been your biggest challenges/learnings?

I know it is common guidance, but the biggest thing I have learnt is the importance of asking as many questions as possible and learning from others – they are invaluable experiences. My biggest takeaway is to not be afraid to challenge things – always do what you can to get your point across in a respectful and collaborative way!

What are your future development aspirations?

I still have a long way to go and look forward to progressing my career, learning more along the way and seeing where it can take me. This experience has been an invaluable starting point.

What advice would you give someone considering the graduate scheme?

Given the experience I have had, I would always recommend a graduate scheme to anyone who wants to be exposed to a wide range of experiences. At Gleeson, we were given the opportunity to dive straight into things from day one, which has been a great way to learn.

What advice would you give someone considering entering the house building industry?

It is a great industry to learn a wide range of skills – so they should go for it! Every day is different, which keeps things interesting and there is never a dull moment.

EMPLOYEE CASE STUDY
TO SEE MORE VISIT **MJGLEESONPLC.COM**

People

CONTINUED

Developing our people

Continuous development is important both for individuals as they progress through their careers and for the success of our business as we grow. We support our colleagues' development in a number of ways, including:

Learning and development

Our in-house learning and development team are dedicated to the ongoing learning and further development of our colleagues at Gleeson. In the last year we have improved our internal training matrix and management processes to better support and deliver essential training on topics such as health and safety and to achieve 100% compliance across the business. In addition to this in-house training, we have continued to deliver training in collaboration with various external providers. Bespoke programmes have been designed and implemented including the Gleeson Skills Development Programme and Gleeson Leadership Development Programme.

Gleeson Competency Framework

During the year, the Gleeson Competency Framework was launched. This is a shared framework, which helps us to understand and develop performance excellence and standards across Gleeson. Our framework has seven competencies, each of which represents the skills, knowledge and behaviours needed to perform effectively in a given role or situation. This framework is used in a number of ways, including for recruitment, learning and development, career and succession planning and performance management.

Talent mapping and succession planning

We have continued to conduct regular talent mapping and succession sessions across the business; by doing this we can assess key strengths and target development needs for individuals, departments and regions to ensure succession plans are designed and tailored to the needs of each area of the business.

Gleeson Skills Development Programme

The Gleeson Skills Development Programme is a new programme, which has been designed and implemented, tailored to skills development for our Build Management teams. There are two levels to this programme, each of which consist of:

1. Completing a construction related NVQ – to continually develop discipline specific skills
2. Completing Management and Leadership development days
3. 360 degree feedback and 1:1 coaching

We have successfully achieved 100% completion rate of the first level 1 and level 2 cohort who commenced on the programme in September 2022.

Gleeson Leadership Development Programme

An additional training programme was designed for future leaders in the business; those that are aligned to the "tactical level" of our competency framework. This programme has been tailored to develop these competency areas to a "strategic level". The programme consists of self-assessments and personal development planning, with leadership and management training days throughout, combined with building commercial awareness, a group project, one-to-one coaching and ending the 12 months with a 360 degree feedback programme. We saw the launch of this programme in February 2023 and are looking forward to the next cohort of starters in February 2024.

Investors in People

In 2019 Gleeson were awarded the standard Investors in People accreditation. In 2023 we embarked on the journey toward the platinum accreditation. This consists of us working in collaboration with Investors in People ("IIP") and with our colleagues to understand where we are currently, and what we can do in line with the IIP framework to make Gleeson an even better place to work.

Alice, Head of Organisational Development, Head Office, Sheffield

Retaining our people

We believe that retaining good people depends on a variety of factors that extend beyond just financial reward and are constantly reviewing ways to enhance our offering to help retain, motivate and engage colleagues.

Communication and engagement

We recognise the importance of keeping employees informed of operational, financial, and strategic business matters and do this in a number of ways, including a weekly newsletter, employee roadshows, our intranet ("the Hub") and various videos.

Our annual Your Voice survey provides an opportunity for all employees to provide anonymous feedback on a wide range of topics. This is our fourth year running the survey, and participation has increased every year. 77% of our colleagues completed the survey this year, up from 76% last year. Our overall engagement score decreased to 87%, remaining in the top quartile of all companies surveyed. We anticipated a small decrease, given the uncertainty caused by the restructuring process, the cost of living crisis and the general market, and will be working to improve this score in the year to come. We are incredibly proud that we have been awarded an "Outstanding Workplace" award for a second year, which reflects the strength of the engagement at Gleeson and supports our intention to continue listening and working with colleagues to create the best working environment for everyone to thrive in.

Wellbeing

Every month we communicate a different topic or an awareness day or week that is happening, intended to get our people thinking and talking about a subject. These have included – International Women's Day, Stress Awareness Month and Mental Health Awareness Week to name just a few.

We also rolled out Mental Health First Aid training to more employees across the business. We are proud to say that Gleeson was one of the first companies to deliver the updated Mental Health First Aid training courses. The cohort included employees across different regions and departments, and we now have 34 trained Mental Health First Aiders across the business, an additional nine of which were trained in the last 12 months. Further to this, we hosted Mental Health awareness training for an additional ten colleagues who can assist in signposting to Mental Health First Aiders and other support platforms.

We continue to communicate across the business our Wellbeing Toolkit and our Employee Assistance Programme for all employees, and our private healthcare policy, which includes up to eight free counselling sessions. We also added the Lighthouse Club to our Wellbeing Toolkit. The Lighthouse Club is a charitable welfare and support service for the construction community. It provides free 24/7 mental health support to individuals and their families.

Our focus for the next 12 months will be to continue to encourage our employees to know the importance of looking after their wellbeing and to continue to foster an open and supportive space where everyone can talk about their own mental health.

People
CONTINUED

Diversity and inclusion

Real Living Wage

We are proud to be accredited as a Real Living Wage employer, which means that we pay all of our colleagues and subcontractors at least the Real Living Wage, an independently calculated rate of pay that is based on the actual cost of living. The Real Living Wage exceeds the National Living Wage (set by the government) and covers all employees aged 18 and older, with the exception of apprentices. Receiving this accreditation demonstrates our clear commitment to our colleagues as well as making it clear that we expect the same from our suppliers and subcontractors.

Diversity and inclusion

We aim to create a working environment that provides equal opportunities for all. Promoting and embedding our values of being passionate, collaborative and respectful forms the foundation for a diverse and inclusive work environment.

Selection for employment and promotion is based on merit, following an objective assessment of ability and experience, after giving full and fair consideration to all applications. We are committed to ensuring that our workplaces are free from discrimination and that everyone is treated with dignity and respect. All new employees receive mandatory diversity and inclusion training as part of their induction.

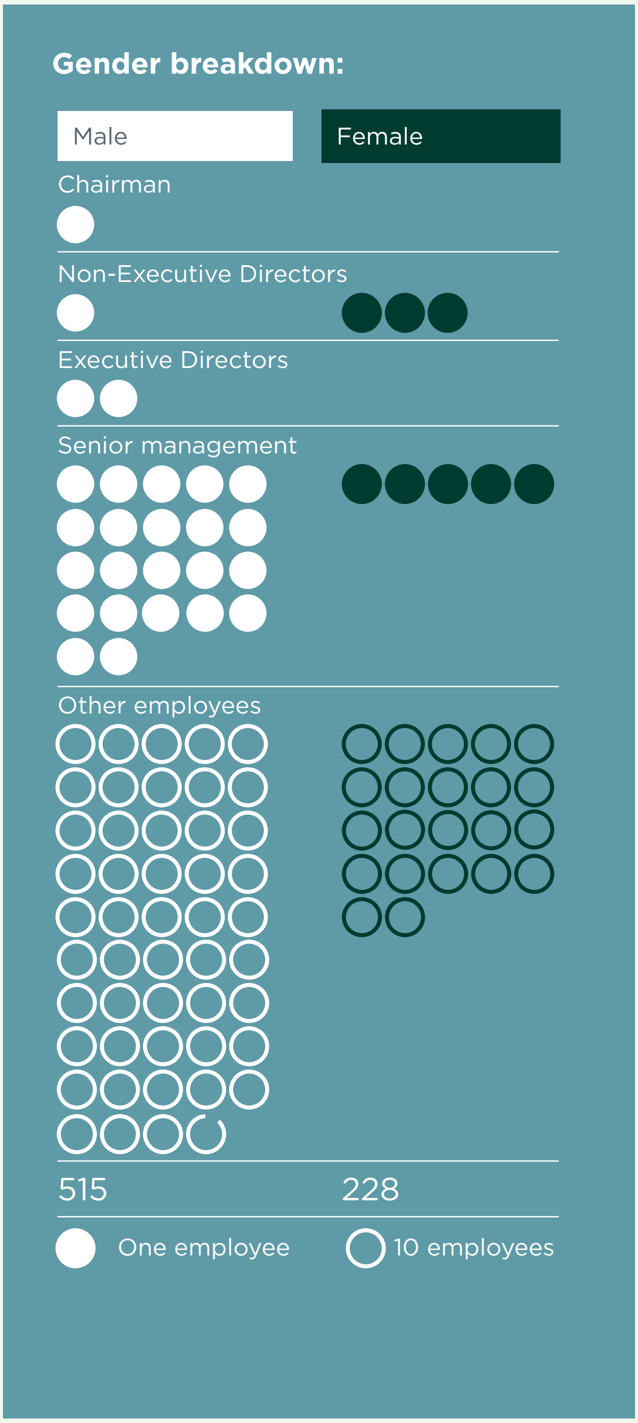
Every effort is made to retain and support employees who become disabled while working within the Group and we continue to remove physical barriers for disabled colleagues or applicants.

Promoting women in construction

We, and the construction industry overall, need to do more to promote women working in the industry. We are continuously seeking ways to reduce the barriers to women entering and advancing their careers in construction. A focus over the last few years has been around attracting more diversity into the industry. We have done this through a number of ways including looking at our entry level talent to the industry. Our graduate scheme consists of 60% females and 40% males and we are very proud that we are able to attract more females into the Land discipline and construction industry. In addition, we have designed an Early Talent Ambassador workshop and trained regional teams on hosting this workshop in their local schools and colleges to further attract diverse early talent to the industry.

Gender pay gap

In 2023, our median gender pay gap was 3% in favour of women (2022: 3% in favour of men). 51% of women now occupy the upper two pay quartiles compared to 48% in 2022. Further information about our gender pay gap, and what we are doing to address it, is included in our Gender Pay Gap Review, which is available at mjgleesonplc.com.



Alex and Jordan,
Firbeck Fields, Nottinghamshire

Environment

We recognise the impact that housebuilders can have on the environment. There is a 'carbon cost' of building a home, as well as an impact on the land on which a home is built, in terms of water usage and run-off, waste and biodiversity.

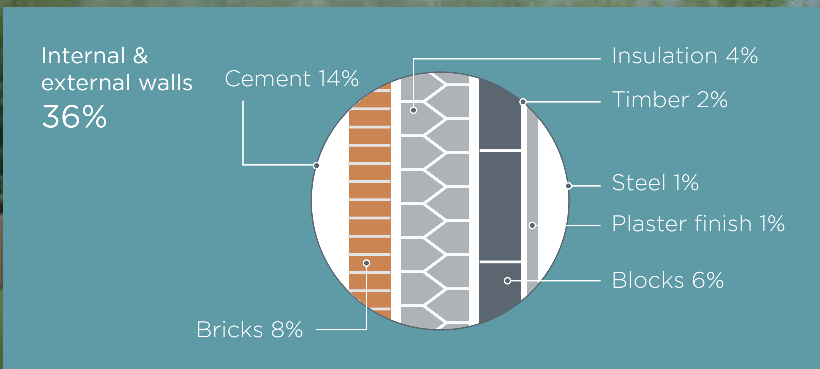
However, our long-standing core alignment with the UN 'SDGs', alongside our established strategic approach to build predominantly on brownfield land or in areas of deprivation, means we have already made great inroads in making improvements to our sustainability over many years. We have also increasingly utilised more innovative and sustainable solutions as they become available, both within and adjacent to our operations, to ensure we build and operate as responsibly as possible.

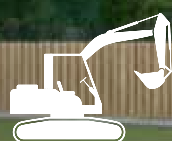
Science Based Targets commitment

Following an extensive internal review of our scope 1, 2 and 3 emissions, we are proud to commit to setting science based targets with the Science Based Targets initiative ("SBTi"), which we expect to be validated and announced well within the two year standard period. This will specifically help us reduce our carbon emissions in a meaningful way and report our progress in the process. This commitment is an important milestone for the Group on our wider sustainability journey, demonstrating our ongoing commitment to direct climate action through decarbonisation across our operations, supply chain and in-use emissions.

The SBTi is a partnership between the Carbon Disclosure Project, United Nations Global Compact, World Wildlife Fund and World Resources Initiative and is currently the most widely recognised pathway to decarbonisation. It is aligned to the Paris Agreement's objective to work together worldwide to limit the global temperature increase to 1.5°C from pre-industrial levels.

We now have a strong understanding of the carbon emissions generated in both building and customers subsequently living in our homes, as well as how future regulations and initiatives may have an impact in the near term. We look forward to setting out in more detail our pathway to making further headway in this area in the future.





CO_2e to build

47 tonnes

An average Gleeson home takes 47 tonnes of CO_2e to build – this will rise to 54 tonnes under the Future Homes Standard due to the increase in size of properties, thermal insulation and increased embodied carbon of alternative heating systems.

CO_2e to use

107 tonnes

The average Gleeson home adds 107 tonnes of CO_2e of in-use emissions over 60 years. However the installation of air source heat pumps and the decarbonisation of the grid will reduce in-use emissions to 40 tonnes of CO_2e over 60 years.

Top 10 CO_2e contributors in the build process	Tonnes of CO_2e	% of total
Cement mortar	6.3	14%
Clay bricks	3.6	8%
Fuel used on site	3.0	6%
Concrete blocks	2.8	6%
Ready mix concrete	2.6	6%
Road surfacing	2.2	5%
Windows and doors	2.1	4%
Cavity wall insulation	1.7	4%
Radiators	1.6	3%
Fibreglass roof materials	0.9	2%
Top 10 contributors	**26.8**	**57%**
Other contributors	20.0	43%
Total	**46.8**	**100%**

Environment

CONTINUED

Scope 1 and 2 emissions

Our scope 1 and 2 emissions increased this year to 2.09 tonnes CO_2e per home sold, missing our target of 1.75 tonnes CO_2e in 2023, which was set in 2021. This was due to a number of factors:

- we measure intensity based on homes sold rather than homes built and, whilst the number of homes sold reduced this year, we continued to maintain build progress throughout the year to ensure future sales security. Hence, the emissions generated in build activities were not matched by the number of homes sold, increasing the intensity measure; and
- a number of factors led to an increase in generators being used on site for longer, rather than sites being connected to the National Grid. This increased our diesel usage on site during the year.

It remains a key priority to reduce scope 1 and 2 emissions and our commitment to Science Based Targets will set out an absolute reduction target for scope 1 and 2 emissions.

Science Based Targets

By committing to set Science Based Targets, we have two years to submit targets and have these validated by the SBTi, which includes setting a baseline year and developing a plan for carbon reduction. We will commit to both a near-term target (2032) and a net-zero target (2050). Targets will be a combination of absolute reduction targets for scope 1 and 2, meaning we reduce our overall CO_2 equivalent emissions in total from the base year (regardless of build volumes), and intensity reduction for scope 3, meaning we reduce the emissions per unit produced. We will announce the specific targets once we have had these validated, and report against them in future reporting periods.

We will join over 5,000 companies committing to take climate action whilst continuing with our mission of "changing lives" by building affordable, high-quality homes, for those who need them the most.

Carbon reduction initiatives

We take our responsibility for minimising our impact on the environment very seriously, and are continually looking at ways to improve the efficiency of our homes in use, and to reduce the embodied carbon of the materials we use to build them. During the year, we launched new policies on efficient generator use and the procurement and use of biodiesel. Turning these policies into actions will help further reduce our carbon emissions. In addition we are continuing to make progress on the initiatives commenced in prior years.

Air source heat pumps

The most significant carbon impact comes from scope 3 emissions in building our homes and from the emissions of our homes in use over their life. For in-use emissions the single biggest contributor is the heating system of the home, which has typically been from gas boilers.

The Future Homes Standard, which is due to be in force in 2025, means that new build homes must generate 75–80% less in-use carbon emissions when compared to pre-transitional regulations. This will effectively prohibit the use of fossil fuel heating in homes, for example from gas boilers.

We are committed to playing our part in providing a healthy planet for future generations and are embracing the Future Homes Standard. For all homes built after 15 June 2023, we are installing Air Source Heat Pumps ("ASHPs"), which means that our homes will be net zero ready in preparation for the UK grid being fully decarbonised by 2035, or where our customers move to a verifiable "green tariff" with their energy supplier.

Concrete bricks

The transition to lower carbon materials will be pivotal in our plans to decarbonise. We are conscious of the efforts being undertaken across the clay brick industry to decarbonise and clay bricks remain a key construction material. However, we are also embracing lower carbon materials including concrete bricks and reconstituted stone. Over the past few years we have increased the use of concrete bricks, which provide a significant reduction in embodied carbon over a traditional clay brick. This year we have sold 241 homes built using concrete bricks or reconstituted stone. This will continue to increase and, as with any other material changes, we will ensure that these do not impact on the quality, longevity and aesthetics of the homes we build.

HVO fuel

As part of our scope 1 emissions reduction initiatives, we are using hydrotreated vegetable oil ("HVO"), which provides a significant carbon saving over regular "white" diesel. However, the demand for HVO and the impact of the energy and fuel crisis this year has resulted in the cost of HVO soaring to the point where it became commercially unviable on certain sites. As a result, HVO accounted for 7% of total liquid fuels that we used on site. We are continuing to monitor fuel costs and our fuel policy has been updated to favour HVO over white diesel where it is commercially viable.

Hybrid generators and grid connection

One of the largest opportunities within our scope 1 and 2 reduction initiatives is gaining early grid connections for our developments and limiting the use of generators on site. Our electricity is purchased on REGO-backed green tariffs. Combined with the UK Government's commitment to decarbonise the grid by 2035, energy transition from burnt fuels using generators to "mains" electricity provides significant carbon emissions savings. As part of our processes, we target getting sites connected to the grid at the earliest opportunity.

Where generators are required, we have undertaken trials this year using hybrid generator technology. Trials of the 30 kVA generators showed average fuel and emissions savings of 39% over a standard diesel generator. As such, all new sites will utilise hybrid generators until a connection to the grid is achieved, where it is commercially viable to do so.

Supply chain and sustainable materials

In 2022 we proudly became a partner of The Supply Chain Sustainability School. This enables us to upskill colleagues and work collaboratively with other housebuilders, subcontractors and suppliers within the construction industry to achieve common goals in delivering a sustainable future. Throughout the year we have provided learning pathways for colleagues and subcontractors and have achieved the Gold level of engagement. Further information can be found below.

Supply Chain Sustainability School

Last year we committed to develop targeted learning pathways based on job roles to help upskill and further develop colleagues throughout the business including subcontractors.

We are proud that we achieved this objective and during the year to 30 June 2023 we have:

- Established learning pathways covering 12 sustainability themes across 33 job roles
- Commenced rollout of pathways and delivered 116 hours of learning for colleagues
- Achieved Gold level of engagement
- Achieved a partner value of £193,000

Next year, we will maintain our Gold level of engagement and increase the extent of learning opportunities across the business and supply chain. We will also establish targets to increase engagement from our supply chain partners. Further details on our targets and actions can be found on page 75.

Environment
CONTINUED

Other environmental considerations

Land

Our developments are typically located in areas where there is a need for regeneration including areas of deprivation or brownfield sites that would otherwise remain unused. Four out of five of our homes sold are in the most deprived areas of the country or on brownfield land.

We invest in our sites, creating attractive and well-planned developments with open space and access to local facilities. We continue to purchase land in areas that are in need of regeneration, but with good transport links and access to local facilities and employment. Page 69 sets out an example of the brownfield land remediation that we undertake.

Waste

In the year, we diverted 99.0% (2022: 99.0%) of waste generated away from landfill through recycling or conversion to energy. We continued with our target of zero waste to landfill and we will achieve this by enganging with specialist waste management providers and implementing initiatives such as pallet repatriation, re-use of waste materials on site and engaging with our upstream supply chain to minimise incoming waste such as packaging. This year will see the development of targeted, role-specific training and awareness with learning pathways including waste management practices.

During the year, our total waste amounted to 11,391 tonnes (2022: 12,272), a waste intensity of 6.6 tonnes (2022: 6.1) per home sold.

Absolute waste has decreased by 7.2%, but due to the decrease in homes sold, our waste intensity has increased. Measures taken on sustainable procurement, packaging and waste management helped to reduce the absolute waste produced in the year. We continue to work with our supply chain and internal stakeholders to firstly reduce waste generated, then to maximise waste recovery options.

Hazardous waste is generally limited to packaging containing hazardous residues such as paint tins, aerosol canisters, sealant and adhesive cartridges.

Timber

We source 99.9% of the timber we use in construction from FSC or PEFC certified sources.

SDG Flags, Linkswood Park, Dalton, Rotherham

Water

Water stress

We typically acquire sites and build in areas of relatively low water stress, being located in the North of England and the Midlands. For the year to 30 June 2023, 36% of the homes sold were in areas of high water stress. In total, 37% of plots in the Gleeson Homes land pipeline are classified as being in an area of high water stress. We do not undertake any water abstraction from ground or surface waters.

Water usage

We recognise that water is a valuable resource. Last year we committed to developing a water strategy. This is in progress and we are targeting to complete this within the next 12 months. This water strategy will address our water demand and aim to reduce our reliance on licenced water supply. As part of our strategy we will be evaluating the feasibility of incorporating grey water usage into our operating activities and will explore initiatives such as rainwater harvesting and the use of surface water during construction for site processes such as dust suppression. Our strategy will also include improved methods of tracking water consumption across the business with actual usage data, rather than estimates. The strategy will also focus on climate-related water risk to the business.

Water consumption	2023	2022
Cubic metres of water consumed	83,651	90,692
Cubic metres of water consumed per home sold	49	45
Cubic metres of water consumed per build site	984	1,093

Met Office data shows that the provisional mean temperature for 2022 was 10.0°C, which is 0.9°C above the 1991–2020 average and was the warmest year in the UK on record. The provisional rainfall total was 1,051mm, which is 90% of the 1991–2020 average. Warmer and drier periods have an impact on water use on our developments due to water being required for several site and construction processes and activities. As part of our water strategy, we will examine the impact of these drier periods and ways in which to conserve and reduce water usage.

All of our homes are fitted with dual flush toilets, low flow taps and showers and water meters. They are designed to achieve an internal water use of less than 110 litres per person per day (actual usage is nearer 104 litres per person per day). This is 12% lower than the maximum allowance specified by building regulations.

We are going further and our newest home designs will use around 97 litres per person per day through higher specification sanitaryware. This provides 22% less consumption than the current maximum allowance.

Environment

CONTINUED

Our scope 1 and 2 emissions in detail

The table below shows the energy usage and carbon emissions for the Group in line with the Streamlined Energy and Carbon Reporting ("SECR") requirements. All energy and carbon emissions originate in the UK. Our carbon emissions are calculated in accordance with the Greenhouse Gas Protocol – a Corporate Accounting and Reporting Standard.

	2023		2022		2021	
Scope 1 and 2	**Tonnes of CO_2e**	**Energy usage**	Tonnes of CO_2e	Energy usage	Tonnes of CO_2e	Energy usage
Gas oil/diesel	**2,250**	**896,609 litres**	2,009	750,257 litres	2,288	829,440 litres
Car fuel	**558**	**286,153 litres**	783	328,960 litres	490	203,871 litres
HVO fuel/biofuel	**12**	**72,042 litres**	9	55,900 litres	0.25	1,500 litres
Electricity	**414**	**2,000,553 kWh**	518	2,676,613 kWh	380	1,788,610 kWh
Gas	**334**	**1,828,044 kWh**	290	1,576,126 kWh	479	2,615,295 kWh
Liquid petroleum gas ("LPG")	**32**	**148,332 kWh**	105	488,701 kWh	84	392,472 kWh
Total scope 1 and 2	**3,601**		3,714		3,721	
Per home sold	**2.09**		1.86		2.05	

Scope analysis

Scope 1 and 2	**2023 Tonnes of CO_2e**	2022 Tonnes of CO_2e	2021 Tonnes of CO_2e
Scope 1 – burnt fuels	**3,187**	3,196	3,341
Scope 2 – electricity			
– location-based[1]	**414**	518	380
– market-based[1]	*176*	*260*	*196*
Total Tonnes of CO_2e	**3,601**	3,714	3,721
Per home sold (location-based[1])	**2.09**	1.86	2.05
Per home sold (market-based[1])	*1.95*	*1.73*	*1.95*

1 The Group reports location-based and market-based scope 2 electricity data. Market-based data is based on the emissions from electricity purchased by the Group. Location-based uses the average emissions intensity of the UK electricity grid. Purchased renewable sources of electricity used on our sites is supported by Renewable Energy Guarantees of Origin ("REGO") certificates.

Divisional analysis

	2023		2022	
Scope 1 and 2 (tonnes of CO_2e)	**Gleeson Homes**	**Gleeson Land**	Gleeson Homes	Gleeson Land
Scope 1 – burnt fuels	**3,173**	**14**	3,172	24
Scope 2 – electricity	**410**	**4**	509	9
Total	**3,583**	**18**	3,681	33

Scope 1 and 2 methodology

The Group reports the sources of material greenhouse gas emissions from its main activities, categorised as scope 1 and 2. Scope 1 comprises direct emissions from sources purchased and used directly by the Group, such as diesel, natural gas and liquid petroleum gas on sites and in our offices. Scope 2 comprises emissions associated with the consumption of energy from purchased electricity.

Our largest carbon emitting fuel is diesel, which is used by forklift trucks, generators, plant and machinery. Emissions are calculated using the volume of litres purchased during the year and multiplying by the applicable conversion factor to convert into CO_2 equivalent. In April 2022, the government prohibited the use of red diesel in the construction industry and as an alternative we have switched to a combination of regular white diesel and HVO biodiesel.

Our second largest carbon emitting fuel is petrol and diesel for company vehicles. This is calculated by taking the total litres of each fuel purchased, split proportionally based on business mileage submissions. This is multiplied against a standard conversion factor to convert this into CO_2 equivalent.

Our scope 3 emissions in detail

Tonnes of CO_2e	2023	2022
Plot build	**71,454**	78,729
Infrastructure	**5,631**	7,450
Total scope 3 (excluding in use)	**77,085**	86,179
Per home sold	**44.74**	43.09
In-use emissions (60 years)	**183,883**	218,639
Total scope 3 (including in use)	**260,968**	304,818
Per home sold	**151.46**	152.41

Scope 3 methodology

For emissions from build, all of the materials used for each house type plus emissions from construction work on site (including infrastructure such as roads and sewers), transport and end-of-life replacements are used to estimate the embodied carbon emissions.

We use the "bill of quantities" to understand every individual component of our homes and the volume of materials required for the build, including an apportionment of site infrastructure such as roads and utilities. To date, we have obtained Environmental Product Declarations ("EPD") reporting the embodied carbon emissions for 62% of the materials used in our homes and applied these, where appropriate, in calculating the scope 3 build emissions. The remaining 38% are calculated based on standard industry emissions data by material.

This assessment was carried out for our most common house types, collectively accounting for 85% of total homes sold in the year to 30 June 2023. The remaining 15% is extrapolated based on floor area and other known material quantities in the remaining house types to give the total annual emissions from house building.

For in-use emissions, actual energy spend data from customers is converted to energy consumption and carbon emissions, then projected forward (assuming broadly stable energy usage) to arrive at the 60-year in-use carbon emissions total for each house type.

Environment
CONTINUED

Biodiversity and ecology

Our focus on building affordable, quality homes where they are needed, means that we are often building on brownfield land, which can be biologically diverse. We are very mindful of the ecological impact that the clearance of land and use of natural resources in building new homes may have.

We want to go beyond our legal and planning requirements to provide habitat, bird and bat boxes across all developments and encourage our customers to engage with nature in their garden space. Nearly 5% of land use in England is for residential gardens. This provides a real, tangible opportunity to create mosaics of land to help biodiversity by planting and creating habitats for nature to thrive.

During 2023 we welcomed a Senior Ecologist to our team, bringing ecology expertise in-house and enabling us to bring more focus to this area of our business. We engaged with a "customer panel" to understand our customers' views on nature and biodiversity. Eighty percent of customers felt that it was important to encourage wildlife into gardens. The majority of customers would welcome bird and bat boxes, trees and hedgehog highways. We also gained an insight into some of the concerns customers had such as: maintenance, tree roots, concern for pets and the misconception of certain species. This data has proved invaluable in shaping our biodiversity strategy to go beyond the legal requirements and to provide something meaningful and lasting that can be embraced by our customers.

Biodiversity Net Gain

After November 2023, developments will be required (via the Environment Act 2021) to create a measurable 10% gain to biodiversity, either via habitat retention, enhancement or creation on site, or by the funding of habitat creation offsite, and then also safeguard it for at least 30 years. This is referred to as Biodiversity Net Gain ("BNG").

When we acquire land for development, these sites are often brownfield, including land contamination with non-native, invasive plant species present. The land has often been left for many years to naturally colonise and rewild, so can sometimes have a high biodiversity baseline. Clearing land for remediation in readiness for construction can have an initial short-term detrimental impact on nature at the site but provide a long-term benefit and legacy. We consider biodiversity on our developments from the design stage, considering each site individually to try to retain valuable habitats as well as considering our impacts on protected species and habitats in the surrounding area. Through planning regulation and our own enhancements we leave a net gain to biodiversity and manage any protected species, which have either been identified during ecological surveys at pre-planning stage or during construction.

Hedgehog, The Green, Bldworth, Nottinghamshire

Springfield Meadows, Bolsover, Derbyshire

Bat box, Willow Park, Accrington, Lancashire

Our biodiversity strategy

Enhancements

Planting and landscape regime focused on invertebrates and pollinators. We plant trees, hedgerows and shrubs prioritising the use of native species. We only plant non-native species when they have a benefit to wildlife such as providing berries for birds or nectar for insects, or providing habitat for shelter, breeding or hibernation.

All developments to incorporate hedgehog highways. To ensure hedgehogs do not lose valuable foraging resource, we will be incorporating hedgehog highways into all new developments. Hedgehog highways are holes or gaps in fences to allow hedgehogs to pass through otherwise enclosed gardens.

Minimum 30% of homes to include a bird box or bat box. We try to retain features that are of value to bats such as hedgerows and large trees, and provide insect beneficial planting.

Engagement

buglife

We will partner with Buglife to ensure the work we are doing is meaningful, consistent and beneficial to nature and biodiversity.

All homeowners to receive a bug hotel and wildflower seeds with their welcome pack.

An electronic “Attracting Wildlife to Your Garden” booklet will be provided to all customers providing hints, tips and advice for attracting wildlife.

Tree Protection Zone, Springfield Meadows, Bolsover, Derbyshire

Regenerating Land case study

Canal Walk – Hapton

A long history of chemical production

Canal Walk, Hapton is located near Burnley on the former William Blyth Chemical Works, founded in 1842 and operated by different owners until 2006. The site produced various inorganic chemicals such as ammonium triseptate, sodium sulphate and hydrochloric acid and originally produced sulphuric acid for the nearby Nelson and Brierfield gas works. The site adjoins the Leeds and Liverpool canal, which played a critical role in the movement to and from the site of raw materials and finished goods.

Land degradation and contamination

Being a former chemical manufacturing site that operated for over one and a half centuries, it is no surprise that the extent of the works resulted in significant land degradation and contamination. In addition to this, adjoining the chemicals works was a landfill site which was classified as “hazardous” due to the nature of the waste disposed which included various chemicals, polymer additives, arsenic, metals and asbestos.

Bringing the land back to life

In 2011, the land for the chemical site and the hazardous landfill area was remediated. This involved using vast amounts of inert fill materials for restoration and soil formation, along with additional planting of vegetation to create a country park comprising significant areas of public open space and habitat for biodiversity. As part of the development, Gleeson provided inclusive access through the country park in the form of timber edged aggregate pathways both for residents of our development and the wider community to access and enjoy the public open space. As a result, it was shortlisted for the Brownfield awards in 2021 for “Best Biodiversity Enhancement” category.

Leaving behind a legacy

The development has 202 plots for high-quality, affordable 2, 3 and 4 bedroom homes on land that had been degraded and left derelict for over a decade. The development is surrounded by countryside and also boasts direct access to the Leeds and Liverpool canal, providing further leisure, physical and wellbeing opportunities. The development is within easy access of nearby towns and the railway station. Canal Walk was voted second in Home View’s “10 Best Developments” in Lancashire.

Sustainability Targets

Progress against our 2023 improvement targets

In our annual report last year, we set out a number of ambitious sustainability targets. Our progress against these targets and actions is set out below.

Health and safety incident rate ("AIIR") will be reduced to the industry standard or lower in the year

NOT MET

Our AIIR for the year to 30 June 2023 was 303 (2022: 55). Unfortunately this is above the last reported industry average of 239 over the same period and is the result of six reportable incidents. The incident rate is not reflective of the significant improvements which have been made to safety procedures, systems and training over the past 12 months. Health and safety remains our highest priority and we continue to promote our HomeSafe philosophy to ensure that a strong health and safety culture is embedded across the Group.

2023 actions	Update	Result
Deliver enhanced temporary-works training and implement focused action plans.	Training has been established and delivered across all regions and to 46 managers within the year and will continue as part of mandatory training requirements for 2024.	✓
Enhance our campaign on slips, trips and falls across all sites and offices.	During the year, we have delivered 137 "toolbox talks" across sites and offices as focused campaigns, which has been aligned with HBF working group and industry-wide campaigns.	✓
Provide training to all site management colleagues on underground services and utilities.	Underground services procedures and utility awareness has been delivered as part of our HomeSafe "essentials" training. It has been delivered to 127 managers across the business and will continue into 2024 as part of induction/refresher training.	✗
Introduce additional spot checks on monthly health and safety focus areas.	773 safety audits by an independent, external organisation have been undertaken during 2023 to ensure that Gleeson practices and processes are being adhered to and to reduce risk and identify safer working opportunities.	✓
Further develop our digital near miss reporting systems to deliver improved data and root-cause analysis.	We have introduced a digital near miss reporting system, which uses QR codes to log near misses. We have also improved our analysis processes for health and safety data.	✓

Our employee engagement will be maintained in the upper quartile of all companies during 2022/23

MET

Our staff turnover for the year was 41% for the year, and our voluntary staff turnover was 31%. Our independently assessed employee engagement score decreased to 87% this year (2022: 90%) and 84% of colleagues (2022: 89%) are proud to say that they work for Gleeson. This places Gleeson in the upper quartile of all UK companies surveyed and demonstrates that further progress has been made on engaging with our people and we believe this will continue.

2023 actions	Update	Result
Enhance our new starter onboarding programme to improve pre-commencement support and communication.	During the year, we have increased pre first day communications to provide early sight of the Gleeson culture and our core values. We have also launched welcome boxes for all new employees and have introduced regional "meet and greet" sessions where new employees can meet and engage with other new employees.	✓
Create regional focus groups to target and action key findings from the annual Your Voice employee engagement survey.	We have created regional focus groups, which are facilitated by our regional HR business partners to evaluate the findings of the annual Your Voice employee survey and deliver an implementation plan.	✓
Provide resources for site-based staff to enable them to participate more easily in the Your Voice survey.	We introduced QR codes to improve accessibility for site-based staff. For the 2024 survey, we will increase site presence to assist and support with accessing the system.	✓
Deliver targeted learning and development pathways for our colleagues.	We launched the Gleeson Skills Development Programme and have commenced NVQ Leadership and Management training focused on the build management teams. We have also launched the Gleeson Competency Framework, which has been designed to assist colleagues in driving their ongoing development.	✓
Undertake quarterly talent mapping meetings to gain insights into development, performance and succession plans.	We have conducted monthly regional talent mapping sessions and have applied talent mapping tools to key regional roles to identify succession/development opportunities. These sessions feed into a quarterly divisional talent discussion session, whereby each regional lead discusses top talent areas, key challenges/risks and mobility of top talent in support of the overall division.	✓

Sustainability Targets

CONTINUED

We will maintain our five-star status with a 90% or above customer recommendation score

NOT MET

Despite the extremely challenging market conditions, we achieved an independently assessed customer recommendation score of 89.0% (2022: 90.7%) this year, only marginally missing our target of 90%. This equates to the Home Builders Federation ("HBF") four-star rating. Whilst the current year score has been impacted by low scores at the beginning of the year, the improvements we have seen in the latter months and subsequent to the period end give us confidence that we will be able to exceed this target in 2024, regaining our five-star status, and exceeding performance delivered during 2023.

2023 actions	Update	Result
Develop and implement a digitised quality inspection and monitoring system for key build stages.	We have been working with our preferred partner to develop a quality inspection system, which will be amalgamated with building regulations Part L requirements. This will ensure better visibility and rigour around the quality we are achieving throughout the build cycle, but has had to be delayed as efforts to develop Part L compliance have taken priority.	✗
Implement an enhanced customer contact workflow to improve pre-completion communication.	The workflow was implemented and is now delivering >95% weekly communication for our customers during pre-completion stages.	✓
As an early adopter of the New Homes Quality Code, ensure adherence to its standards.	We have successfully launched our new complaints system using a Power BI dashboard to monitor compliance to complaints timeline and to enable delivery of an audit strategy.	✓
Enhance "My Gleeson" data recording to enable better root-cause understanding and allow preventative actions to be taken.	We now have the ability to analyse defects at a trade level, helping us better understand improvement opportunities and to provide data to support subcontractor management.	✓
Increase our percentage of issues resolved within 30 days by 10%.	This has not been achieved. Performance in relation to this metric has been skewed by a focus on older defects being closed out, affecting the average age profile of closed defects. Plots falling under New Homes Quality Code (reservations from 1 November 2022) are trending at around 93% closed within 30 days, which we expect to have a significant impact on performance in 2024.	✗
Improve our customer satisfaction score for "Communication" (pre-completion) by 5%.	This has not been achieved primarily due to issues relating to build delays and the nature of messages then being negative from the perception of the customer, rather than communication not being forthcoming. Build programme adherence throughout 2024 will be of critical focus.	✗

Climate: We will reduce our carbon emissions by 30% over three years to 1.75 tonnes CO_2e by 2023

NOT MET

As set out on page 64 our scope 1 and 2 emissions for the year were 2.09 tonnes of CO_2e per home sold (2022: 1.86 tonnes per home sold).

The increase to 2.09 tonnes of CO_2e per home sold this year is a 12% increase on 2022, which means that we have not met our CO_2e reduction target of 1.75 tonnes per home sold by 2023. This is disappointing but the reasons for this are well understood as set out on page 60. There have been a number of initiatives delivered and our focus is to deliver a decarbonisation roadmap for near-term and net-zero targets validated by the Science Based Targets Initiatives ("SBTi").

2023 actions	Update	Result
Install eco-cabins, which reduce carbon emissions, on all new sites.	Eco welfare cabins are installed on every new site. During the year, we installed 8 and currently have 7 in use. These contribute to reducing carbon emissions and generator noise on site.	✓
Trial the use of more efficient generators for use on sites to reduce fuel consumption.	Throughout the year, we have undertaken trials of hybrid generators with battery storage. The trial of these generators has shown a fuel and emissions reduction of more than 35% for the trial period.	✓
Improve energy efficiency across our offices.	During the year we delivered an energy saving awareness campaign across the business. The campaign focused on switching off lights and electronic equipment when not in use and monitoring heating and cooling systems.	✓
Promote the use of biodiesel across all of our sites.	Our policy was revised to favour the use of HVO where viable. Our usage throughout the year equates to 7% of total fuel use for site operations. We will continue to use HVO where technically and commercially viable.	✓
Continue to enhance our company car scheme to encourage more colleagues to switch to electric or hybrid vehicles.	47% of our company car fleet are electric/hybrid vehicles with the remainder being petrol and diesel with emissions capped at 150 gCO_2e per km. We have undertaken an infrastructure evaluation to determine the installation of EV charging points for our offices. A full review of our company car policy is currently underway to provide further electric/hybrid opportunities across the fleet.	✓
Continue to progress actions in respect of reducing scope 3 emissions as set out on pages 60 and 61.	During the year, our focus has been on assessing and modelling our full carbon emission inventory to enable us to commit to setting near-term and long-term Science Based Targets ("SBTs") as detailed on page 58. From 2025 all of our homes will be net-zero ready and we continue to evaluate lower carbon alternative materials and products.	✓

Sustainability Targets
CONTINUED

Other environmental actions

2023 actions	Update	Result
Develop a Group-wide water strategy to address water consumption, waste and re-use of water.	This action has not been met this year due to the significant work on Science Based Targets and our biodiversity strategy. This action will form part of our 2024 targets and actions.	✗
Develop a biodiversity strategy that will align with and complement our existing activities and planning strategies.	We have launched our biodiversity strategy, which will deliver planning compliance and biodiversity net gain ("BNG") and goes further in enhancing our commitments beyond the legal requirements. Further information can be found on pages 66 to 67.	✓
Achieve zero waste to landfill by further improving waste management practices and data recording.	During the year, we achieved diversion from landfill of 99.0% therefore maintaining "zero" waste to landfill, which is generally accepted as 99% or above.	✓
Deliver sustainability training through targeted learning and development pathways in collaboration with the Supply Chain Sustainability School.	During the year, we have established learning pathways for colleagues and subcontractors. We have delivered 116 hours of learning for colleagues on sustainability, and we achieved the gold level of engagement through the school.	✓

What we want to improve:

Health and safety

Our incident rate ("AIIR"), at 303 per 100,000 employees, has increased and is higher than the industry average reported by the Home Builders Federation. We do not believe this is representative of our processes and systems, and our focus for 2024 will be on training, awareness, and proactive engagement across the business. We will increase training for management and deliver a targeted health and safety campaign every quarter.

Staff engagement

We want our colleagues to be happy, motivated and engaged with the values and culture of the business. Our approach centres on improving employee engagement through open communication, training, people development and welfare. We are also focused on ensuring we have a culture of equality, diversity and inclusion across the organisation.

Customer satisfaction

We want to continue enhancing the customer journey and maintaining our focus on build quality. Our approach will be on developing the systems, training and ongoing engagement with our suppliers and subcontractors to support this.

Carbon emissions

Our scope 1 and 2 intensity emissions have increased due to a number of factors. Whilst this is disappointing, we recognise the need to develop our full decarbonisation roadmap across scopes 1, 2 & 3 emissions and have committed to setting near-term and long-term targets validated by the Science Based Targets initiative.

Sustainability Targets CONTINUED

2024 sustainability targets

Health and safety incident rate ("AIIR") will be lower than the industry average in the year	• All site management will receive HomeSafe Essentials training if not already completed within the last six months. • New Safety Health and Environment ("SHE") software platform to be introduced with phased implementation plan. Platform allowing for the completion of site inspections and capture of SHE data. • We will deliver a targeted, themed campaign every quarter to further embed the health, safety and environmental culture across the business. • We will deliver enhanced site environmental training across the business focused around our most significant environmental impacts. • Monthly site safety tours to be undertaken by Senior Management (Regional Directors).
Our employee engagement will be maintained in the upper quartile of all companies	• We will maintain four stars on Glassdoor employer ratings. • We will establish a colleague representative forum to deliver an effective two-way communication channel with the Executive Directors twice per year. • We will further develop our culture of inclusion, including the establishment of an Equality Diversity and Inclusion working group to help shape and guide our roadmap and approaches for embedding equality, diversity and inclusion in everything we do. • We will strengthen and enhance our health and wellbeing focus and agenda. • More than 5% of roles in the workforce will be apprenticeships, trainees or graduates. • We will achieve ILM recognition for each of our "In-House Leadership and Management" development programmes. • We will maintain our Investors in People accreditation and work towards Gold Star Investors In People accreditation.
Customer satisfaction: we will recover our five-star status (+90% "Recommend" score) during 2024	• More than 95% of reserved customers will be contacted on a weekly basis. • Post completion snags closed out within 30 days to be improved by 5%. • Retrain all colleagues on phase 2 of our enhanced Customer First programme and provide additional training to support programme delivery. • Review and redesign all incentive programmes to increase the focus on customer service targets. • Complete and implement a digitised quality inspection and monitoring system for key build stages within the year.
We will achieve Science Based Targets validation by 2025 for near-term and net zero targets	• Deliver a complete decarbonisation roadmap for near-term and net zero targets. • Review company car policy, infrastructure and processes to reduce carbon emissions and air pollutants. • Generators on all new sites to be hybrid models to achieve circa 35% reduction in generator emissions. • Maintain Gold level of engagement through the Supply Chain Sustainability School. • Work with our supply chain partners to increase engagement across the Supply Chain Sustainability School (top 200 suppliers – 15% to achieve Gold status; 10% Silver; and 25% Bronze). • Increase sustainability training to deliver 250 hours of learning across all colleagues within the year. • Develop and implement a holistic water strategy addressing consumption, water stress, mitigation and resilience. • Maintain zero waste to landfill. • Deliver a project to measure the waste generated per home to identify waste reduction and circular economy opportunities.

Task Force on Climate-Related Financial Disclosures

The Financial Stability Board created the Task Force on Climate-related Financial Disclosures (“TCFD”) to improve and increase reporting of climate-related financial information.

Responding to the TCFD requirements, we aim to continually enhance our disclosures in line with its recommendations and market practice. We also disclose climate-related governance, strategy, risk management and metrics as part of the Carbon Disclosure Project (“CDP”).

The Company is consistent with paragraph 8(a) of Listing Rule 9.8.6R, which requires that listed companies must include in their annual financial report a statement setting out whether the listed company has included climate-related financial disclosures consistent with the TCFD Recommendations and Recommended Disclosures in that financial report.

Governance

The organisation’s governance around climate-related risks and opportunities.

Board

The Board has ultimate responsibility for climate-related risks and opportunities, with day-to-day control in responding to climate-related risks and wider sustainability targets being managed by the Executive Directors.

Any amendments to the business strategy or significant changes to day-to-day operations of the business require approval from the Board. In addition, long-term targets and external commitments require Board approval before announcement and becoming part of the ordinary course of business.

The Board receives information on a regular basis covering business performance, health and safety, customer satisfaction and sustainability. Updates also include any technical specification changes, including changes to house designs to comply with building regulations and improve environmental performance.

The Executive Directors, and the Board above certain set limits, has responsibility for the approval of all land purchases. As part of the investment appraisal process, climate-related considerations are presented as part of the approval process and included in the cost plan for the development. These include factors such as land remediation, flood mitigation, biodiversity requirements, landscaping and environmental impact.

Audit Committee

The Audit Committee is responsible for reviewing and approving the content of the annual report including the TCFD, SASB and GHG disclosures. In addition, the Audit Committee reviews and approves the Group’s CDP climate submission, which outlines what we are doing as a Company to address climate-related risks and opportunities.

The Audit Committee are regularly updated with amendments to disclosure requirements on financial reporting and disclosure considerations in respect of climate change.

The Group’s sustainability disclosures, including TCFD and SASB, are reviewed as part of the external audit, the results of which are reported to the Audit Committee.

Sustainability Committee

The Sustainability Committee is responsible for assessing the sustainability aspects of the business strategy and ensuring that the Group’s sustainability targets align. The Sustainability Committee also makes recommendations to the main Board on strategic developments that address sustainability risks and opportunities in particular those relating to climate change.

The Sustainability Committee meets regularly throughout the year to ensure that risks and opportunities are reviewed regularly, emerging risks and opportunities are identified and mitigation plans are being developed.

The Group Sustainability Manager is responsible for maintaining the environmental risk register and reports any updates to the Sustainability Committee as part of the Group’s risk management framework.

The Sustainability Committee monitors performance against sustainability targets and actions and approves the targets and actions used for measuring performance on an annual basis.

Governance

The organisation's governance around climate-related risks and opportunities.

Remuneration Committee

The Remuneration Committee is responsible for determining remuneration policy and targets including how sustainability metrics are taken into consideration when determining incentive pay decisions.

The Committee are involved with setting the targets of the Executive and operational directors throughout the business and, where appropriate, these are linked to performance against sustainability targets and ambitions.

ESG performance indicators are used to measure performance against these targets and subsequently remuneration is awarded in relation to performance against these targets. For more information on how sustainability factors are considered in Executive remuneration, refer to the Annual Report on Remuneration on pages 134 to 147.

Nomination Committee

The Nomination Committee are responsible for ensuring that the Board structure, size and composition (including the skills, knowledge and experience of Board members) is adequate to support the Group in its growth and sustainability ambitions. The Committee consider the risks and opportunities facing the Group, and what skills and expertise are therefore needed on the Board.

During the year, the Nomination Committee appointed James Thomson (former CEO) as Chairman of the Board. James has an in-depth understanding of the sustainability ambitions of the Group as well as the risks and opportunities.

In addition, the Nomination Committee appointed Nicola Bruce as a Non-Executive Director to the Board and Chair of the Remuneration Committee. Nicola has significant experience in the building materials industry and ESG experience across a range of sectors. For more information on the Board of Directors, refer to pages 104 to 105.

Strategy

The actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.

Climate change has the potential to significantly impact our business strategy through changes in regulation, government policy, stakeholder expectations and the direct effects of climate change such as more frequent adverse weather events, loss of developable land and the impact on biodiversity and the wider natural environment.

Our commitment to align our carbon reduction targets with the SBTi and a 1.5°C climate scenario is reflected in our review of the resilience of the Company's strategy towards climate-related risks. Included within our carbon reduction modelling, we have considered the reliance on the transitional opportunities of emerging technologies, engagement with supply chain and market expectations whilst balancing the risks of emerging regulations and failure to adapt to a low carbon economy. The intention being that despite the transitional challenges that are associated with committing to a carbon reduction target aligned to a 1.5°C scenario, they are likely to be lesser than the potential impact of physical effects of climate change in a 4°C scenario.

During the year, we have used the process of scenario planning to aid our assessment of climate-related risks and opportunities and the potential impact on the Group, its strategy and any financial impacts. Details of the scenarios analysed can be found on pages 80 to 83.

Task Force on Climate-Related Financial Disclosures CONTINUED

Strategy

The actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.

Risk definitions

When assessing climate-related risks and opportunities we use the following criteria to ensure that the assessment is reflective of the operating activities of the Group.

Risk term	Impact
Short term: 0–3 years	Low impact: £0.5m
Medium term: 4–10 years	Moderate impact: £1.5m
Long term: 10+ years	High impact: £10m
	Catastrophic: £30m

The risk term is aligned to the majority of climate-related frameworks, in particular the Science Based Targets initiative ("SBTi").

The impact is aligned to the risk assessment methodology used by the Group for all principal and emerging risks as set out in Risk Management on pages 36 to 41.

The Board adopts a low appetite to climate-related risks. This means that it is a priority for the Group to maintain a low level of impact on the environment as a result of its operations balanced with the cost of doing so. The Group invests to ensure there is a robust control framework to maintain a high level of compliance with environmental regulations.

Impact on financial statements

Costs associated with the transition to the latest building regulations including Part L (Conservation of heat and power) have been recorded in the valuation of inventory and subsequently reported within cost of sales. Where a site margin forecast is affected by a change in estimated costs to complete, the impact is recognised across all plots remaining. See note 1 – accounting policies for inventories on page 171 for further details.

A flood risk assessment is performed on all potential sites that are considered for development. The associated costs to mitigate flood risk, where relevant, are included within the site valuation and costs to complete. This is recognised in the forecast site margin and reported within cost of sales as completions are recorded over the life of the site. As the owned land bank within Gleeson Homes covers a period of four years, we have assessed that it is unlikely that the flood risk of these sites will change in this timeframe and therefore no impairment of owned land has been identified.

Within the Gleeson Land division, the land portfolio is more strategic and therefore flood risk can change over a longer period of time as regional flood models are updated including from the effects of climate change. Each site is individually reviewed at a period end based on its planning prospects and viability. Where these have been adversely impacted by a change in flood risk or any other impact, then a provision is recorded to write down the value of inventory in line with the Group's accounting policy.

Going Concern and Viability Statements

In preparing the Annual Report, the Group is required to assess whether there are any material uncertainties over its ability to operate as a going concern (see note 1 – accounting policies for going concern on page 169 for further details). In addition to this, the Group is required to assess the potential impact of the principal risks on the operations of Group over the longer term for disclosure in its viability statement on page 111. To meet these requirements, the Group has sensitised its forecasts to incorporate the potential impacts of its principal risks to a severe but plausible level over the three years to June 2026.

The costs of transition to meet government policy for the Future Homes Standards, biodiversity net gain and the cost of known lower carbon technologies are already incorporated into the Group's budget and plan that is used in the viability assessment. The impact of the climate-related risks identified above, have been considered but would not have a material impact over the viability period on the Group's ability to continue in operation.

Risk Management

How the organisation identifies, assesses, and manages climate-related risks.

The Board has overall responsibility for the Group's management and assessment of risks, supported by the Sustainability and Audit Committees.

The Group risk register is formally reviewed by the Audit Committee at the majority of its meetings, including consideration of emerging risk areas or changes to existing risks. Climate change and sustainability have been identified as principal risks for the Group. Find out more on page 41.

The Group's risk management framework includes a separate environmental risk register, which includes key climate-related and other environmental risks for the business.

The environmental risk register identifies both principal and emerging risks and informs a formal risk assessment process that considers the likelihood and impact of the identified risks together with any mitigating controls that are already in place or planned. This position is reviewed by the Sustainability Committee as part of its bi-annual review of the environmental risk register.

Any changes to risk scores on the environmental risk register are considered in the context of the Group risk register in respect of the principal risks of climate change and sustainability. Proposed changes are reported to the Audit Committee and Board as part of its monitoring of principal and emerging Group level risks.

We determine climate-related risks using our risk management framework outlined on page 36.

Sustainability Committee

The Sustainability Committee met three times in the year and the review of the environmental risk register is a standing agenda item for each meeting.

The Committee members are responsible for reviewing the risks and opportunities identified, along with their inherent risk scores, any mitigating actions and the mitigated risk scores. From this the Committee can direct focus to the mitigating actions against any risks that exceed the risk appetite of the Committee.

The Group Sustainability Manager is responsible for the environmental risk register, which identifies risks covering key climate-related and other environment risks for the business.

During the year, we have supported the Group Sustainability Manager in their IEMA qualification, which includes focus on the identification of emerging climate-related risks and opportunities.

Task Force on Climate-Related Financial Disclosures CONTINUED

Key climate-related risks

Risk	Scenario analysis	Mitigating actions	
Carbon pricing Government legislation designed to encourage industries to take climate action and reduce their carbon footprint by imposing increases on material costs and significantly increasing our cost base.	**Potential impact: £10–15m** The scenario modelled has used a carbon price between £50–100 per tonne and applied this to projected scope 1 & 2 emissions and embodied scope 3 emissions.	We are developing a carbon reduction strategy that will significantly reduce the embodied carbon of our homes. By committing to a target validated by the SBTi and aligned to the 1.5°C scenario we are able to demonstrate our carbon reduction commitments and mitigate the impacts of carbon pricing.	Risk rating: **Medium** Transition risk **Medium–Long term** **1.5–2 degrees scenario**
Changes to building regulations Changes to the specifications of our homes as a result of new government policies can result in high research, design and build costs.	**Potential impact: £15–20m** The scenario modelled has taken the increase in cost of recent changes in building regulations (including Part F, L, O and S) and extrapolated over forecast unit sales.	Our Group Technical Director sits on the Home Builders Federation ("HBF") Technical Committee and the Future Homes Hub, and attends all NHBC Building for Tomorrow events to ensure that we are informed about potential amendments to building regulations as well as providing feedback on the challenges these may pose to the industry.	Risk rating: **High** Transition risk **Short–Long term** **1.5–2 degrees scenario**
Emerging technologies Our long-term carbon reduction strategy will rely on the development of new technologies and modern methods of construction. In order for these to be viable for our business model, they must be readily available, affordable and have appropriate skilled resources available within the industry.	**Potential impact: £15–30m** The scenario modelled has taken the increase in cost of identified low carbon alternatives to traditional building materials and applied this to forecast unit sales.	We continuously review the materials used within the design of our homes by engaging with our supply chain and attending conferences specific to the housebuilding industry to identify low carbon alternatives. We review our on-site operations to identify high emitting activities and develop action plans that target emission reductions in these areas. We often trial carbon-saving initiatives on our sites to analyse results before rolling these out as "best practice" across the Group.	Risk rating: **Medium** Transition risk **Medium–Long term** **1.5–2 degrees scenario**

Risk	Scenario analysis	Mitigating actions	
Supply chain As we develop our carbon reduction strategy there is a reliance on our supply chain to reduce the embodied carbon of materials and emissions generated from build activities. Failure of our supply chain to decarbonise could potentially result in us not achieving our scope 3 carbon reduction targets.	**Potential impact: £15–25m** The scenario modelled has taken our current supplier spend split between materials and subcontractors and uplifted this to incorporate the increase in costs for lower carbon materials, fuels and more efficient plant and machinery.	We communicate our carbon reduction plans with our supply chain to identify lower carbon alternatives to our existing build materials, fuel conservation methodologies and waste reduction strategies to reduce our impact on the environment. As part of the supplier onboarding, we request sustainability reports and carbon reduction strategies to be presented so that we can collaborate on identifying more sustainable solutions. Our partnership with the Supply Chain Sustainability School provides us with additional tools to engage with our supply chain and raise awareness of sustainable practices within the construction industry.	Risk rating: **Medium** Transition risk **Medium–Long term** **1.5–2 degrees scenario**
Stricter planning requirements Government and local authorities are becoming more stringent in their planning and site infrastructure requirements. This includes requirements around biodiversity net gain on sites, which could result in land opportunities, in particular brownfield sites, which have rewilded, becoming financially unviable.	**Potential impact: £10–15m** The scenario modelling was performed by reviewing our current pipeline of sites for their estimated biodiversity credit requirements, combined with an average cost per biodiversity credit for forecast site acquisitions.	The process of acquiring land for development includes thorough due diligence to ensure that sites comply with relevant regulations and government policies as well as meeting our internal rates of return. Financial forecasts include the costs associated with complying with planning requirements such as biodiversity net gain, mitigating flood risk and planning specific requirements such as electric vehicle charging points and lower water usage technologies in areas of high water stress.	Risk rating: **High** Transition risk **Medium–Long term** **1.5–2 degrees scenario**

Task Force on Climate-Related Financial Disclosures CONTINUED

Key climate-related risks

Risk	Scenario analysis	Mitigating actions	
More frequent adverse weather events Disruption to build activities on our sites as a result of more frequent adverse weather events including heat, cold, rain and storm damage has the potential to become unsafe, cause damage to construction sites and slow our growth plans.	**Potential impact: £15–25m** The scenario modelled assumes adverse weather events to become more frequent, the cost of build disruption to increase as a result of more storm damage and considers the delay in house sales and other associated costs.	During periods of severe weather, communications are sent to site warning of potential risks and to follow company procedures for adverse weather events. Equipment and temporary structures are checked to ensure they are secure and stored effectively to prevent any damage. Where weather is extreme, sites may be closed until the site returns to suitable working conditions. In instances of extreme rainfall, mitigation procedures are followed to ensure compliance with environmental regulation such as water run-off and its impact on the local environment.	Risk rating: **Medium** Physical risk **Medium–Long term** **4 degrees scenario**

Key climate-related opportunities

Opportunity	Opportunity category	Timeframe	Actions
Energy-efficient homes Due to the high thermal efficiency of our homes we are able to ensure that the running costs of our homes remain affordable for our customers. The energy performance of our homes also enables our customers to qualify for green mortgages, which may offer lower interest rates.	**Transition opportunity**	**Short term**	We communicate with our customers the benefits of buying an energy-efficient new build home. We are able to compare the typical energy usage of our homes based on actual energy consumption data and compare this against the typical usage for existing housing stock to show potential energy savings. We communicate with our customers to explain how their new home can support them living a sustainable lifestyle.

Opportunity	Opportunity category	Timeframe	Actions
New technologies We regularly review the specification of our homes to ensure that our product offering meets the needs of our customers. This enables us to ensure that the latest technologies are built into our homes so that our customers benefit from living in a stylish, modern home.	**Transition opportunity**	**Short-Medium-Long term**	We continuously review the materials used within the design of our homes by engaging with our supply chain and attending conferences specific to the housebuilding industry to identify new technologies that can support our customers in living a sustainable lifestyle. We review the specification of our homes and optional extras on a regular basis so that our customers can tailor their home to their needs.
Supply chain By engaging with our supply chain to align sustainability strategies there is the opportunity to unlock benefits for both us and our supply chain in reducing operational costs as well as carbon emissions.	**Transition opportunity**	**Short–Medium–Long term**	We communicate our carbon reduction plans with our supply chain to identify lower carbon alternatives to our existing build materials, fuel conservation methodologies and waste reduction strategies to reduce our impact on the environment. As part of supplier onboarding, we request sustainability reports and carbon reduction strategies to be presented so we can collaborate on identifying more sustainable solutions. Our partnership with the Supply Chain Sustainability School provides us with additional tools to engage with our supply chain and raise awareness of sustainable practices within the construction industry.
Sustainability linked loans As sustainability linked finance is becoming more readily available, there may be an opportunity for us to benefit from lower finance costs based on our sustainability performance.	**Transition Opportunity**	**Short–Medium term**	As we develop our long-term carbon reduction targets and have these validated by the Science Based Target initiative it will provide opportunity to obtain loans linked to sustainability covenants.

Task Force on Climate-Related Financial Disclosures CONTINUED

Key climate-related opportunities

Metrics and targets

The metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Carbon emissions

The Group's main climate-related performance metric is measured by reference to a short-term carbon intensity target. In 2020, we set a target of reducing our scope 1 and 2 emissions by 20% per home sold within three years. This would have resulted in a carbon intensity of less than 2.0 tonnes of CO_2e per home sold. Due to the significant progress made during 2021, we increased our carbon reduction target from 20% (2.0 tonnes of CO_2e) to 30% (1.75 tonnes of CO_2e) by the end of 2023.

This year we failed to meet this intensity measure as a result of homes sales volume being significantly below the level originally anticipated when the target was set. As a business, we have maintained the build rates on our sites to ensure that the business is best placed to deliver high-quality, affordable homes when the market returns. As a result, our carbon emissions have been higher relative to the number of homes sold this year. Had we sold the number of homes originally forecast this year, then we would have met the intensity target of 1.75 tonnes of CO_2e per home sold.

Despite not achieving this short-term target, our commitment towards reducing carbon emissions continues to be a priority for the business. We have submitted our letter of commitment to the Science Based Targets initiative, pledging our commitment to set carbon reduction targets aligned to the 1.5°C scenario within two years. The targets will cover both near-term and longer-term targets, setting a clearly defined route to a net zero carbon ambition.

During this time we will continue to develop our carbon reduction strategy, identifying further opportunities to reduce carbon emissions within our operations and engaging with our supply chain to reduce the embodied emissions in our homes and from our homes in use.

For more information on our carbon emissions, targets and strategy refer to pages 60 to 65.

Metrics and targets

The metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Other climate-related metrics and targets

Of revenues generated by our Homes' division, 95% are related to climate-related opportunities, through the completion of high-quality, energy-efficient housing achieving EPC ratings of A or B. As we transition to the Future Homes Standards, in particular the installation of air source heat pumps, our homes will be fully electrified and therefore Net Zero ready.

Of our owned sites, 45% are considered to be brownfield (redevelopment sites) which transforms derelict/abandoned space into much needed affordable housing. By having a preference towards brownfield land, we are able to repurpose land often contaminated by its previous use, into a space that creates economic and social value for local communities.

Of our homes, 37% are in areas of severe water stress. Our homes are designed to achieve an internal water use of less than 110 litres per person per day, 12% lower than the maximum allowance currently specified by building regulations, reducing the impact our developments have on local natural resources. We are working to incorporate further efficiencies into our homes to reduce this to less than 100 litres per person per day.

Of our homes, 14% are in flood zone 3 areas and are considered to be "vulnerable" to flooding. As part of our planning process, we incorporate flood resilience measures and sustainable drainage systems ("SuDS") into our site design as needed to mitigate flood risk. The costs of implementing these solutions are included in the forecast site margin and reported within cost of sales as completions are recorded over the life of the site.

Of construction waste, 99% is diverted away from landfill. During the year, we engaged with our waste providers with the aim to improve segregation of waste materials on sites and improve our diversion from landfill and recycle rate whilst limiting the conversion to energy. In addition to this, we rolled out a training programme through the Supply Chain Sustainability School to educate site managers and subcontractors on the importance of following waste management procedures.

In our homes and on our developments, 99.9% of timber is sourced from PEFC or FSC accredited sources.

Of our site fuel usage for plant and machinery, 7% used Hydrotreated Vegetable Oil ("HVO") as a low carbon alternative to regular diesel, this enabled us to reduce our carbon emissions by 169 tonnes of CO_2e. We continue to procure HVO fuel as an alternative to diesel where it is commercially viable for our sites.

Sustainability Accounting Standards Board

Land use and ecological impacts

Code/SASB criteria	Our approach
IF-HB-160a.1 Number of (1) lots and (2) homes delivered on redevelopment sites	In the year to 30 June 2023, we added 1,953 (2022: 1,475) brownfield land plots to our land pipeline. This accounted for 48% (2022: 58%) of plots acquired in the year. The total number of brownfield plots held at 30 June 2023 was 6,931 (40%) (2022: 6,262, 37%). In the year to 30 June 2023, we had 858 (2022: 1,211) home sales on brownfield sites. This accounted for 50% (2022: 61%) of our total annual completions. Notes: We consider brownfield land to include sites upon previously developed land, below ground disturbance (including mining or waste disposal) or land that contains contamination from previous use.
IF-HB-160a.2 Number of (1) lots and (2) homes delivered in regions with High or Extremely High Baseline Water Stress	In the year to 30 June 2023, we acquired 1,346 plots in regions of serious water stress. This accounted for 33% of plots acquired in the year (2022: 1,202 plots, 47%). The total number of plots in areas of serious water stress at 30 June 2023 was 6,455, 37% of the pipeline (2022: 6,433, 38%). In the year to 30 June 2023, we had 625 (2022: 457) home sales in areas of serious water stress. This accounted for 36% (2022: 23%) of our total annual completions. To report the figures reported above, we use reports produced by the Environment Agency (the "EA") who present the classification of areas of water stress on a "Serious" or "Not Serious" scale. Notes: Serious water stress is defined as "the current household demand for water is a high proportion of the current effective rainfall which is available to meet that demand; or, the future household demand for water is likely to be a high proportion of the effective rainfall which is likely to be available to meet that demand". The water stress method takes a long-term view of the availability and demand for public water supply, rather than a snapshot of shorter or peak periods. It accounts for future population growth, climate change, environmental needs and increased resilience. It reflects and supports the commitments that water companies have made to reduce leakage and water consumption.
IF-HB-160a.3 Total amount of monetary losses as a result of legal proceedings associated with environmental regulations	We incurred no monetary losses in relation to environmental matters in the year.
IF-HB-160a.4 Discussion of process to integrate environmental considerations into site selection, site design, and site development and construction	**Site selection** We operate a "gateway" procedure in our site acquisition process to ensure that each site meets our hurdles at various stages throughout the purchase. At the earliest step, gateway 1, a site will be reviewed at a high level to ensure that it meets our guiding core principles and requirements; of particular importance at this stage is our objective to bring forward development of affordable homes on mostly brownfield sites or sites in areas of deprivation, in a manner which safely and sustainably returns sites back into meaningful use, whilst simultaneously alleviating any environmental issues which may have been left behind by previous landowners. On clearing this hurdle, further due diligence is carried out by our in-house teams including the production of an appraisal document, which carries a checklist to prompt consideration of all factors affecting sustainable development including matters of contamination, noise, odour, impact on ecology and biodiversity, proximity to transport links and local facilities.

Code/SASB criteria	Our approach
IF-HB-160a.4 Continued	**Site design** We work with a panel of partner architects to ensure that our designs accord with National and Local Planning Policy and Guidance, whilst providing a development where our customers want to live and, which is sympathetic to existing constraints including existing local infrastructure. Through the planning process we will procure the expertise of third-party consultants in various technical disciplines including all aspects of environmental assessment to ensure that any constraints are appropriately integrated into our designs, or appropriate mitigation measures are identified in order to bring forward appropriate and sustainable development. When designing the layout for our sites we undertake an initial assessment of development schemes using the generic Dwelling Emission Rates in order to improve energy efficiency of each type through orientation and plotting. This assessment considers landform, layout, building orientation, landscaping and other surrounding features of each home. All of our homes have driveways for off-street parking and outdoor garden space for customers to enjoy. An ecology assessment is performed at the design stage, with our in-house ecologist feeding into designs and making recommendations for areas to be retained, protected and enhanced to integrate biodiversity into the development. **Site development and construction** Material selection is carefully considered during the construction of our homes as the specification and quality of build materials can directly influence the projected CO_2e emissions. All of our properties are currently built with traditional cavity wall construction, thermally-efficient light aggregate blocks and high-performance insulation within the cavity. We are working with our suppliers to identify low carbon alternatives to the traditional construction materials in our commitment to reducing the embodied carbon emissions of our homes. As we develop our long-term carbon reduction strategy we are reliant on modern construction materials that can support our sustainable growth ambitions whilst reducing our carbon footprint. Where contractors are required to source materials for key building elements, we stipulate that they use suppliers capable of demonstrating certification to high tier levels in the Chain of Custody certification process and have been independently certified by the BRE Framework Standard for Responsible Sourcing (BES 6001) or ISO 14001. We engage with our supply chain using the tools from the Supply Chain Sustainability School to raise awareness of environmental and climate-related issues and how we can collectively achieve best practice. We take waste management very seriously and the segregation of all waste materials is paramount in reducing the amount of waste taken to landfill. This is managed by having the following procedures in place: • Target benchmarks for resource efficiency set in accordance with best practice. • Procedures and commitments to minimise non-hazardous construction waste at design stage. • Procedures for minimising hazardous waste. • Monitoring, measuring and reporting of hazardous and non-hazardous site waste production according to the defined waste groups. • Diversion of waste from landfill should adhere strictly to the principles of the waste hierarchy of reduce; reuse; recycle; recover.

Sustainability Accounting Standards Board CONTINUED

Land use and ecological impacts

Code/SASB criteria	Our approach
IF-HB-160a.4 Continued	Our site operations report their fuel consumption by type of plant and machinery on a monthly basis so we can identify and target any inefficiencies within our construction activities. In response to capturing this data we have replaced our entire fleet of forklift trucks with newer, more efficient models, which incorporate start-stop technology and telematics reporting for further data capture. We have also conducted trials on hybrid generators, which store excess power within batteries that can be used once sufficient charge has been reached. This aims to eliminate "waste" power and reduce our site fuel consumption. We also have a number of initiatives ongoing in order to reduce the environmental impact of our sites, with further details on pages 60 to 63.

Workforce health and safety

Code/SASB criteria	Our approach
IF-HB-320a.1 (1) Total recordable incident rate ("TRIR"); and (2) fatality rate for (a) direct employees and (b) contract employees	We measure health and safety performance using an Annual Injury Incidence Rate ("AIIR") metric. Our AIIR for reportable injuries per 100,000 employees and contractors was 303 in 2023 (2022: 55). The industry average for the house building sector was 239 (2022: 239) (Source: Home Builders Federation). In the year we reported six RIDDOR incidents (2022: One RIDDOR incident). There was a decline in performance despite a number of actions taken in the year. Further details set out on page 70. There were no fatalities. Notes: Reportable injuries are aligned to the UK's Reporting of Injuries, Diseases and Dangerous Occurrences Regulations ("RIDDOR"). The figure reported is the consolidated figure for all direct employees and contractors.

Design for resource efficiency

Code/SASB criteria	Our approach
IF-HB-410a.1 (1) Number of homes that obtained a certified HERS® Index Score and (2) average score	The Energy Performance Certificate ("EPC") is the UK equivalent to the HERS Index. Of our homes, 95.3% achieve an EPC rating of B or higher due to efficient design and build characteristics in each of our standardised house types (2022: 96.8%).
IF-HB-410a.2 Percentage of installed water fixtures certified to WaterSense® specifications	WaterSense is not applicable in the UK. All our homes are fitted with dual-flush toilets, low-flow taps and showers and water meters. They are designed to achieve an internal water use of less than 110 litres per person per day; the specification for sanitary ware and fittings to be used throughout the homes has been modified to suit this requirement. This is 12% lower than the maximum allowance specified by building regulations, saving both natural resources and our customers money on their water bills. From July 2023, we will replace our existing shower specification with an enhanced product generating savings of 10 litres per person per day. We continue to collaborate with our supply chain to identify innovative products that reduce the water consumption of our homes.

Code/SASB criteria	Our approach
IF-HB-410a.3 Number of homes delivered certified to a third-party multi-attribute green building standard	All of our homes are subject to UK building regulations, which include standards for energy and water efficiency as detailed in criteria IF-HB-410a.1 and IF-HB-410a.2. There are no widely-adopted green building standards that outline specification or sustainability credentials of homes in the UK. The historic Code for Sustainable Homes was withdrawn by the government with the view that these requirements would be embedded into the latest building regulations.
IF-HB-410a.4 Description of risks and opportunities related to incorporating resource efficiency into home design, and how benefits are communicated to customers	Throughout the design stage of our homes, we apply a "fabric first" approach to energy efficiency by bringing together a house type range and specification designed to reduce the consumption of energy by the homeowner. An energy consultant is appointed on every site to provide site and plot-specific energy ratings. Testing regimes and certification is issued to assist in the control of the quality of construction, which in turn reduces the carbon emissions of each home by ensuring we build a thermally-efficient, well-insulated building with low heat losses. In order to further improve on building regulation compliance, the following are also incorporated into the design of our homes: • energy-efficient boiler or air source heat pump with efficient cylinder (thermal store); • time and temperature zone control for boiler systems; • air permeability rating of five or better; and • natural/positive input ventilation. Reviews are carried out on a bi-annual basis to monitor forthcoming changes to building regulations and consider optional extras that can be offered to customers in line with trends and expectations. These often lead to updates in specification and design, allowing improvements to be made where practicable. Any proposed changes are carefully considered as we balance the impact of changes with the need to keep our homes affordable, which is fundamental to our sustainable business strategy. As part of our shift to ASHP, we have also changed other gas appliances such as ovens and hobs to fully electrify our homes. This transition to a fully electrified home ensures that our homes are net-zero ready. During the year, we sold our first homes powered using the ASHP. We have engaged with customers and external consultants to complete trials on the in-use performance of the heating system to ensure it works efficiently and effectively in our homes. Smart meters are provided as standard where available, so that our customers can easily keep track of their energy usage and efficiencies. We use sustainable materials where possible, such as introducing concrete bricks to our build material specification. Concrete bricks have significantly lower embodied carbon emissions compared to a traditional kiln-fired clay brick allowing us to reduce our scope 3 emissions. More details can be found on page 60. These benefits are communicated to customers as part of the handover process, in our new home handbooks and our Gleeson first-time buyer podcast. This explains to customers what to expect when they become homeowners, how to get the most out of their new home and minimise their running costs. During the year, we tailored our customer welcome box to include a bug hotel, wildflower seeds and a booklet guiding our customers on attracting nature into their garden. We are installing electric vehicle charging points in our homes on some of our sites to understand the associated infrastructure requirements in advance of "Part S" building regulations being implemented.

Sustainability Accounting Standards Board CONTINUED

Community impacts of new developments

Code/SASB criteria	Our approach
IF-HB-410b.1 Description of how proximity and access to infrastructure, services, and economic centers affect site selection and development decisions	We always consider matters such as access and proximity to existing infrastructure and services, as well as economic and employment centres when selecting our sites. We aim to bring forward developments which are in close proximity to existing services, with good access to services and facilities. This often comes hand-in-hand with our objective to develop brownfield sites, in areas of deprivation which often have a high provision of surrounding rental properties, as these target site typologies are already well served. Where access to facilities is more limited, we work with consultants and the local authority to identify mitigation measures that might be taken to improve services and access. Often this will form part of a Transport Assessment and Travel Plan which might identify improvements to local public transport infrastructure to improve the sustainability of the site, or ways in which other sustainable (non-car) transport methods can be promoted. Notes: The UK Government's National Planning Policy Framework ("NPPF") also requires consideration of the opportunities presented by existing or planned investment in infrastructure.
IF-HB-410b.2 Number of (1) lots and (2) homes delivered on infill sites	At 30 June 2023, 88% of our developments were infill sites (2022: 91%). In the year to 30 June 2023, we completed the sale of 1,556 (2022: 1,900) homes on infill sites representing 90% (2022: 95%) of total homes sold. Notes: Infill sites are sites served by existing infrastructure such as roads, power lines, sewerage and water, and other necessary facilities.
IF-HB-410b.3 (1) Number of homes delivered in compact developments and (2) average density	We consider all of our sites to be cluster developments, which meet the definition of a "compact development". As a result, we delivered 1,723 homes on such developments in the year to 30 June 2023 (2022: 2,000 homes). Gleeson Homes typically builds low-density developments delivering on average 100–150 homes per site. The average density of our developments is 14 homes per net acre with some developments having a density as low as 11 homes per net acre. Notes: A cluster development is defined as a development that "produces very attractive and marketable communities and makes it easier for developers to preserve environmentally sensitive lands such as wetlands and forests by allowing lots to be grouped on certain portions of a site, rather than spread uniformly across a site, so that other areas of the site may remain undisturbed as open space".

Climate change adaptation

Code/SASB criteria	Our approach
IF-HB-420a.1 Number of lots located in 100-year flood zones	In the year to 30 June 2023, we acquired 640 plots in regions within flood zone 3. This accounted for 16% of plots acquired in the year (2022: 625 plots acquired, 25% of plots acquired). The total number of pipeline plots within areas of flood zone 3 at 30 June 2023 was 2,499 (14%) (2022: 2,158 pipeline plots, 13% of total pipeline). In the year to 30 June 2023, we had 182 home sales within areas of flood zone 3. This accounted for 11% of our total annual completions (2022: 222 home sales, 11% of total completions). Notes: As per the Environment Agency, flood zone definitions are set out below: • Flood Zone 1 – land assessed as having a less than 1 in 1,000 annual probability of river or sea flooding (<0.1%) • Flood Zone 2 – land assessed as having between a 1 in 100 and 1 in 1,000 annual probability of river flooding (1–0.1%), or between a 1 in 200 and 1 in 1,000 annual probability of sea flooding (0.5–0.1%) in any year • Flood Zone 3 – land assessed as having a 1 in 100 or greater annual probability of river flooding (>1%), or a 1 in 200 or greater annual probability of flooding from the sea (>0.5%) in any year These flood zones refer to the probability of river and sea flooding, ignoring the presence of defences.

Code/SASB criteria	Our approach
IF-HB-420a.2 Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	Climate risk has been identified as a principal external risk for the Group as set out on page 41. The Group risk register is formally reviewed by the Audit Committee at the majority of its scheduled meetings, including any changes to risk ratings and any mitigations. The Group has identified climate risk as having a medium level of residual risk. This is assessed based on the physical aspects of climate change and the impact on our business strategy as well as the transition risks associated with climate-related advancements such as emerging technologies, government policy and regulation. A sustainability risk register is maintained to identify the key risks associated with our sustainability themes "Communities, Environment and People" and managed by the Group Sustainability Manager. The risk register review is a standing item on the agenda of the Sustainability Committee to ensure focus is applied to developing mitigating actions of these risks. Climate-related risks are identified and reported to the Committee and considered for further analysis, which forms part of our TCFD reporting. Further analysis of the climate risks we have identified are reported within our disclosures in accordance to TCFD on pages 80 to 83.

Activity metrics

Code/SASB criteria	Our approach
IF-HB-000.A Number of controlled lots	At 30 June 2023, our owned land pipeline stood at 7,674 plots (2022: 8,478 plots).
IF-HB-000.B Number of homes delivered	In the year to 30 June 2023, we completed 1,723 homes (2022: 2,000 completions). Notes: Completions mean all legally completed sales to customers during the year.
IF-HB-000.C Number of active selling communities	In the year to 30 June 2023, we were actively selling from an average of 68 sales sites (2022: 63 active sales sites). Notes: Active sales sites are sites which are actively selling homes and typically average 25 home sales per year.

Section 172 Statement

Tom and Gemma,
Tees Valley

The Board is pleased to provide a statement that supports s172(1) of the Companies Act 2006 (the "Act"). Under the Act a director of a company must act in the way they consider, in good faith, would most likely promote the success of the company for the benefit of its members as a whole, and in doing so, have regard, among other matters, to:

a. the likely consequences of any decision in the long term;
b. the interests of the company's employees;
c. the need to foster the company's business relationships with suppliers, customers and others;
d. the impact of the company's operations on the community and the environment;
e. the desirability of the company maintaining a reputation for high standards of business conduct; and
f. the need to act fairly between the members of the company.

Board decision making

We firmly believe that to make informed decisions and support the long-term sustainable success of the business, the Board must consider all stakeholders relevant to a matter. We also understand that our stakeholders' interests and priorities continue to change and therefore effective communication is critical to ensure that the business is "doing the right thing" and is aligned to stakeholder values.

The Board undertakes significant levels of engagement with relevant stakeholders so that full consideration is given to how such decisions will impact on our key stakeholders.

Our key stakeholders include:

- Shareholders
- Employees
- Customers
- Suppliers and subcontractors
- Banks
- Local authorities
- Government and regulators

Key examples of stakeholder engagement enhancing strategic decision making and promoting the success of the Group are set out in the tables below.

Decision	Discussion topics with, and feedback from, stakeholders	Action taken by the Board as a result of stakeholder feedback
Chair Succession	Directors engaged with major shareholders and advisers when considering the appointment of James Thomson to Chairman, following Dermot Gleeson's decision to step down. Feedback from shareholders was positive despite the transition from Chief Executive Officer to Chairman being contrary to the UK Corporate Governance Code 2018.	The Board resolved to appoint James Thomson as Chairman, effective from 1 January 2023, following Dermot Gleeson's decision to step down.
Undertaking a restructure of the Gleeson Homes business	Directors engaged with the Group's employees on a regular basis during the restructuring process, including holding regular update meetings, appointing employee representatives and detailed communication throughout the process.	The Board resolved to initiate a restructure of the Gleeson Homes operating business, which involved the redundancy of 26 colleagues. The Board did not take this decision lightly, but it was necessary in response to market conditions.
Signing the Department for Levelling Up, Housing and Communities' self-remediation terms	Directors engaged with government departments, the HBF, shareholders and insurers when considering the impact of signing the self-remediation terms, which commits developers to remediating mid-rise and high-rise buildings with life-critical fire safety defects.	The Board considered the impact of the self-remediation terms on stakeholders, and the Group's responsibility to leaseholders occupying those buildings which the Group played a part in developing, and signed the agreement on 13 March 2023.
Entering into an agreement for the sale of 288 homes to a private investment company	Directors considered the implications of this strategic decision on current and future customers as well as employees and shareholders, and considered key input from legal and financial advisers given both the size and nature of the transaction.	The Board resolved to enter into the agreement, which supports the number of homes sold in 2023 and 2024. This was undertaken to boost trading, which was severely impacted by challenging economic conditions, interest rate rises and the fall-out from the mini-budget in September 2022.
Investing in talent development	Directors recognise the value of developing talent within the business to support succession planning and champion high-performance. Through engagement with the workforce, they identified a need to grow talent organically, and develop future business leaders.	The Board supported the launch of the Gleeson Leadership Development Programme. The Board also supported the introduction of a Commercial Academy.

Section 172 Statement
CONTINUED

Key examples as to how the Board has regard for the s172 factors can be found in the table below:

Factor considered	How this factor has been considered in the year	Actions taken by the Board as a result
Long-term consequences of any decisions	• The Group undertakes future planning up to seven years in critical areas and develops a strategy, which will enable it to deliver its long-term objectives. • The Group invests in information technology and cyber security, which will ensure it is able to meet new technological demands and protect the business against cyber incidents. • The Group considers succession planning from Board level down the business.	• Extensive analysis and forecasts were reviewed to aid the Board in setting the Group's strategy. • The Gleeson Homes business was restructured to rebuild regional management teams with the best talent. • Invested in new systems, which will improve the customer journey, increase productivity, streamline processes and mitigate the risk of cyber incidents. • The Gleeson Leadership Development Programme was introduced to support succession planning.
Interests of our employees	• The Group consulted on the redundancy process. • The Group arranges an independent annual employee engagement survey called Your Voice. • The Group conducts an annual pay and benefits benchmarking exercise. • Directors carry out regular site and office visits and undertake roadshows to communicate with all employees, including interactive question and answer sessions. • An open-door culture is reinforced.	• The redundancy process was concluded during the year. • Responded to the action points arising from the Your Voice surveys. • Made investment in recruitment, training and development including the Gleeson Leadership Programme. • Supported lower-paid colleagues through enhanced pay and benefits in the cost-of-living crisis. • Moved our Share Incentive Plan onto an online platform so that employees can actively manage their shareholding within the business. • Introduced a new personal development structure involving enhanced career discussions.
Interests of our suppliers, customers and others	• Focusing on our customers and prioritising the customer journey. • The Group conducts supplier and subcontractor roadshows. • The Group holds open discussions with our supply chain about productivity, quality and health and safety. • Customer feedback is obtained through surveys conducted by a third party. • Target to be a five-star builder across all divisions.	• Became an early signatory to the New Homes Quality Code. • Accelerated payment runs and made improvements to our purchase-to-pay process. • Signed-up to the government's First Homes scheme. • Set ambitious targets for people, environment and communities as part of our sustainability goals. This included actions for improving customer satisfaction and restoring our five-star customer recommendation score.

Factor considered	How this factor has been considered in the year	Actions taken by the Board as a result
Impact on our community and environment	• Tracking progress against sustainability targets set in the year. • Preparing the business for Part L regulatory changes. • Striving to reduce the Group's impact on the environment. • Organising Gleeson's inaugural charity gala.	• Developed new sustainability policies. • Set ambitious sustainability targets for the short and medium term, including the reduction of carbon emissions. • Committed to setting Science Based Targets for both near-term and long-term carbon emissions. • Commenced the installation of air-source heat pumps and EV charging points in new homes. • Delegated Sustainability targets to senior management and linked to Executive bonuses.
Maintaining a reputation for high standards of business conduct	• The Group ensures adherence to the highest standards of conduct. • Our employees are paid at least the Real Living Wage and we require our subcontractors to do the same. • The Group achieved accreditation from the Fair Tax Foundation for paying its fair share of taxes, for the third year running. • Zero tolerance on violations of human rights, slavery, bullying and harassment. • Responsibility for overseeing compliance is delegated to senior management.	• Compulsory compliance training modules undertaken across the business, including Whistleblowing, Bullying and Harassment, Modern Slavery and Anti-Bribery and Corruption. • Established a new Human Rights policy for the Group. • Due diligence checks are completed on our supply chain to ensure they uphold our standards. • Regular reporting on governance and compliance matters to the Audit Committee.
Need to act fairly between members of the Company	• The Company has one class of shares in issue so all shareholders benefit from the same rights as set out in the Company's Articles of Association.	• Engaged major shareholders in preparing the current Remuneration Policy that was set in 2023.

Non-financial and Sustainability Information Statement

The following table summarises our approach to internal and external stakeholder engagement to comply with the Companies Act 2006 requirements regarding non-financial reporting:

Statement	Ways we engage	Read more
Employees We are committed to ensuring that all our colleagues and stakeholders are treated fairly and equitably. We have a culture that values passion, collaboration and respect.	• Employee policies on diversity, recruitment, equality and all significant life events	• Page 101
	• Anti-Harassment and Bullying Policy, Health and Safety Policy, Equal Opportunities Policy	• www.mjgleesonplc.com
	• Approach to employee relations and the involvement of our Workforce Representative	• Page 129
	• Health and safety reporting and improving the safety and welfare of colleagues and visitors to our sites and offices	• Pages 70 and 75
	• Commitment to employing local people, training and developing all our colleagues, especially apprentices, raising awareness about mental health and promoting women in construction	• Pages 52 to 53
	• Gender pay gap reporting	• Pages 56 and 130; and • www.mjgleesonplc.com
Anti-bribery and corruption We are committed to the highest standards of ethics, honesty and integrity and expect the same from all parties we engage with.	• Whistleblowing Policy and monitoring of malpractice reporting	• Page 122; and • www.mjgleesonplc.com
	• Approach to anti-bribery and corruption	• Page 122
	• Anti-Bribery Policy, Anti-Money Laundering Policy, Corporate Criminal Offence Policy	• www.mjgleesonplc.com
	• Reporting of registers of gifts and hospitality given or received by Directors and employees of the Group	• Page 123
Human rights and social matters We are committed to upholding human rights across our business and with all our stakeholders. Our employee policies cover all aspects of human rights and our grievance and fair treatment at work policies ensure anyone connected with our business can speak up about concerns without fear of retribution.	• Human Rights Policy, Anti-Slavery and Human Trafficking Policy	• Page 123; and • www.mjgleesonplc.com
	• Payment terms and performance in relation to payment practices	• gov.uk; and • www.mjgleesonplc.com
	• Accredited by the Real Living Wage Foundation, paying employees the real Living Wage or higher and expecting our subcontractors to do the same	• Page 56
	• Data Protection Policy	• www.mjgleesonplc.com

Statement	Ways we engage	Read more
Environmental matters and community We are committed to creating more sustainable ways of undertaking our operations to conserve energy, reduce waste and minimise our impact on the environment. We also invest in the communities, local areas and the supply chain around our development sites.	• Monitoring and reporting of carbon emissions (scope 1, 2 and 3) related to our homes • Target set to reduce scope 1, 2 and 3 carbon emissions • Focus on more efficient and more sustainable materials • Sustainable Procurement Policy, Timber Sourcing Policy Climate and Environmental Policy, Waste Policy, Packaging Policy • Investment in the communities, schools and areas in which we operate • Biodiversity Policy	• Pages 64 to 65 • Page 60 • Pages 60 to 61 • www.mjgleesonplc.com • Pages 50 to 51 • Page 66
Other information Additional non-financial information required under the Companies Act.	• Our Business Model • Principal risks affecting the Group and mitigating actions undertaken • Sustainability and operational key performance indicators	• Pages 14 to 15 • Pages 37 to 41 • Page 70
Climate and sustainability We are committed to monitoring our climate-related risks and opportunities. Our Sustainability Committee identifies, assesses and manages climate-related risks and opportunities, and the key risks are reflected in the Group risk register. Our approach to climate and sustainability is set out in our TCFD statement.	• Our Business Strategy • Risk Management • Task Force on Climate-related Financial Disclosures statement • Sustainability Committee Report	• Pages 16 to 17 • Pages 36 to 41 • Pages 76 to 85 • Pages 124 to 127

Strategic Report approval statement

The Strategic Report, contained in pages 01 to 97 has been approved by the Board of Directors and is signed on its behalf by:

Graham Prothero
Chief Executive Officer

13 September 2023

Allison, The Rowans,
Workington, Cumbria

Corporate Governance

Chairman's Introduction

James Thomson
Chairman

The last year has seen significant challenges, both economic and political. Inflation and interest rates have put pressure on customers and build costs. Planning policy, regulation and planning devolution is causing planning to become more complex, costly and lengthy. Despite the headwinds and the reductions in volume, Gleeson continues to be resilient, and I am very grateful to our colleagues who have delivered results despite this."

I am pleased to present the Governance Report for the year ended 30 June 2023.

This financial year has been set against the backdrop of wider economic, political, social and industry pressures, which have brought their own unique set of challenges.

I would like to take this opportunity to thank all of our colleagues for their hard work in helping the Group achieve a resilient result in such challenging times.

I would also like to take this opportunity to thank my predecessor, Dermot Gleeson, for his unparalleled stewardship of the Board over the last 28 years as Chairman and an incredible 47 years on the Board of Gleeson. It is an honour to be appointed as his successor, and I am proud to have received the support of the Group's major shareholders in becoming Chairman after serving as Chief Executive Officer. With the changed market conditions, it is as important as ever that the culture and values that run through the business should be maintained – not least our focus on delivering low-cost, quality homes, where they are needed for those that need them the most. The Board is committed to supporting the Executive to manage and operate the business in a way that supports Gleeson's long-term sustainable success.

The Board is also immensely proud of the Group's commitment to resolving environmental, social and governance matters, and its dedication to sustainability is prevalent in all of its operations. We are proud to have given our commitment to set Science Based Targets, which demonstrates our clear intention to deliver direct climate action through the decarbonisation of our operations, supply chain and our homes in use. How we put sustainability into practice is described on pages 42 to 75.

Culture and people

The Board continues to promote and implement Our Vision, Mission and Values, which are described in more detail on pages 3 and 44. The results of our latest employee engagement survey, Your Voice, indicated that employee engagement has, once again, remained in the top quartile and overall satisfaction is very high. This is particularly pleasing following a year in which many roles in the business faced unprecedented challenges, including the restructure of the Gleeson Homes business.

This year I am pleased that the Board was able to partake in a number of site visits, as a collective and individually. It was humbling to see the great work that is being undertaken daily by our colleagues to support the strategic growth of the business.

The Board is also supportive of the work that has been undertaken to recognise and develop talent. The Gleeson Leadership Development Programme is a fantastic opportunity to nurture the talent that is inherent within the business and build for the future.

Diversity

The Board promotes diversity. The proportion of women on the Board is 43%, and the position of Senior Independent Director is held by Fiona Goldsmith. The current Board female representation satisfied two of the three new diversity targets set by the Financial Conduct Authority. The third target, to have at least one Board member from an ethnic minority background, will form part of the Board's recruitment and succession planning for future years.

The Board is also committed to ensuring that the Group provides a diverse and inclusive working environment. As at 30 June 2023, the proportion of women in employment was 31%. The Board is supportive of a number of initiatives which aim to improve diversity across the Group.

Building responsibly and safety

The Board is committed to acting responsibly and, in March 2023, we announced that we had signed the Government's self-remediation terms, committing the Group to remediate qualifying buildings with life-critical fire-safety defects. The Group was involved in the development of 17 buildings over 11 metres, and we are committed to working with the owners of those buildings to investigate and remediate (where necessary) in order to protect the lives of residents.

Our commitment to engaging with stakeholders

The Board embraces the ethos behind the requirements of Section 172 of the Companies Act. Information on how we engage with our stakeholders is set out in our Section 172 Statement on pages 92 to 95.

Strategy

The Board held a strategy "away day" in May 2023 to discuss strategic priorities for the short, medium and long term against the current challenges faced in the sector. This was the first time that the newly formed Board had met to review business strategy together. The day consisted of dynamic and engaging discussions on many topic areas, including the homebuilding landscape, and customer and partnership opportunities, and I was pleased to see the unity of the Board in its strategic thinking.

Code compliance

Implementation of the 2018 UK Corporate Governance Code

During the period under review, the Company, as a premium listed company, was subject to the 2018 edition of the UK Corporate Governance Code ("the Code") issued by the Financial Reporting Council ("FRC"). The Board and its Committees are responsible for ensuring that, wherever possible, compliance with the Code is achieved. This is demonstrated throughout this Governance Report and, of particular note, are the Code principles as set out on page 103. Where the Board has not complied with provisions of the Code, these are set out in the compliance statement on page 110 to 111.

James Thomson
Chairman

13 September 2023

Corporate Governance Framework

The Board

The Board is responsible to shareholders for the direction, management, performance, and long-term success of the Group.

It sets the Group's strategy and objectives and oversees and monitors internal controls (in conjunction with the Audit Committee), risk management, principal opportunities and risks, governance and viability of the Group.

All of the Committee terms of reference can be found on the Company's website at www.mjgleesonplc.com

Board Committee

Nomination Committee

James Thomson

Committee Chair

Key responsibilities

- Review the structure, size and composition of the Board and its Committees.
- Consider succession plans for the Board and senior management.
- Identify and nominate candidates for Board-level positions.
- Keep under review the Board diversity.
- Review the independence of Non-Executive Directors.

Read more on pages 112 to 115

Audit Committee

Fiona Goldsmith

Committee Chair

Key responsibilities

- Monitor the integrity of the financial statements and reporting.
- Review significant accounting judgements.
- Monitor the effectiveness of the Group's internal controls, risk management systems and internal audit function.
- Review the procedures for detecting fraud, preventing bribery and ensuring appropriate whistleblowing procedures are in place.

Read more on pages 116 to 123

Sustainability Committee

Elaine Bailey

Committee Chair

Key responsibilities

- Determine appropriate short, medium and long-term sustainability targets and monitor effective performance against these.
- Ensure that the Group's sustainability policy remains fit for purpose and aligns with the Group's approach to sustainability.
- Advise the Audit Committee on sustainability risks.

Read more on pages 124 to 127

Remuneration Committee

Nicola Bruce

Committee Chair

Key responsibilities

- Ensure that remuneration policy and practices align to the Group's long-term sustainable success.
- Set the remuneration of the Chairman, Executive Directors, Company Secretary and senior management.
- Make recommendations to the Board on the design and application of share incentive schemes.

Read more on pages 128 to 130

Executive Leadership Team

The Executive Leadership Team, led by the Chief Executive Officer, is responsible for the day-to-day execution of business strategy, the management of the Group's two core business units, management of HR matters including people, culture, talent and development, and the oversight of legal and regulatory matters. They discuss all important matters that are brought to the attention of the Board, or respective sub-committee of the Board.

The Executive Leadership Team consists of the Executive Directors, the Chief Executive of Gleeson Homes, the Managing Director of Gleeson Land, the Company Secretary and the HR Director.

Section of the Code	How we have applied the Code
Board leadership and Company purpose See pages 104 to 105	The Group is led by an effective and entrepreneurial Board, which promotes the long-term success of the Group and engages with its shareholders and other stakeholders. The Board has established the Group's purpose and strategy and is satisfied that these are aligned with the Group's culture and values. The Board has established and oversees an effective governance and risk framework. The Board promotes effective engagement with the workforce, with open lines of communication where employees can raise matters of both concern and opportunity.
Division of responsibilities See page 106	The Chairman leads the Board, which includes an appropriate combination of Executive Directors and Non-Executive Directors. Board relations are constructive and Board members are able to demonstrate objective judgement. There is a clear division of responsibility between the leadership of the Board (the Chairman of the Board) and the Executive leadership of the Group's business (the Chief Executive Officer and the Chief Financial Officer). The Non-Executive Directors provide constructive challenge, strategic guidance and advice, and have sufficient time to meet their Board responsibilities. There are relevant policies and processes in place for the Board to receive timely and clear information, and function effectively and efficiently.
Composition, succession and evaluation See pages 112 to 115	Board appointments are subject to a formal, rigorous and transparent procedure, based on objective criteria that promotes diversity. A comprehensive and tailored induction programme is in place for new Directors joining the Board, led by the Chairman, Company Secretary and Executive Directors. The Nomination Committee oversees an effective succession plan, which takes into consideration a desired combination of skills, experience, knowledge and diversity of the Board. The Board is subject to an annual evaluation that considers Group and individual Director performance.
Audit, risk and internal control See pages 36 to 41	The Board has established formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions, and satisfies itself on the integrity of financial and narrative statements. The Board presents a fair, balanced and understandable assessment of the Group's position and prospects. The Board has established procedures to manage risk, oversee the internal control framework and determine the nature and extent of the principal risks of the Group to achieve its strategic objectives.
Remuneration See pages 128 to 147	The Group has designed the remuneration policies and practices to support the Group's strategy and promote long-term sustainable success. Executive remuneration is aligned to the Group's purpose and values and is clearly linked to the successful delivery of our sustainable strategy. There is a formal and transparent procedure for developing the Executive remuneration policy and determining Director and senior management remuneration. The Remuneration Committee is able to exercise independent judgement and discretion when authorising remuneration outcomes, taking into account Group and individual performance.

Board of Directors

James Thomson
MA (OXON), ACA

Chairman

Committee membership

N C

Appointment to the Board

James was appointed to the Board in June 2019 as Chief Executive Officer, and in January 2023 as Chairman.

Background and experience

James was previously Chief Executive of Keepmoat Homes and Group Finance Director and Chief Operating Officer of DTZ (now part of Cushman & Wakefield). He qualified as a Chartered Accountant with PricewaterhouseCoopers and spent ten years in investment banking.

Key strengths

Housebuilding and construction. Public limited companies. Health and safety. Strategy development. Organisational and cultural change. Acquisitions and mergers.

External appointments

A local authority councillor for the City of London, Chair of the City of London Police Authority Board and a Non-Executive Board member of the Serious Fraud Office.

Graham Prothero
MA (Cantab), FCA

Chief Executive Officer

Committee membership

S

Appointment to the Board

Graham was appointed to the Board in January 2023.

Background and experience

Graham has extensive industry experience and was previously Chief Operating Officer at Vistry Group plc and Chief Executive of Galliford Try plc. Graham is a Fellow of the Institute of Chartered Accountants and was previously a partner at Ernst and Young LLP.

Key strengths

Housebuilding and construction. Acquisitions and mergers. Strategy development. Business growth. Risk management. Business continuity. Operations.

External appointments

Graham is currently the Senior Independent Director and Chair of the Audit Committee of Marshalls plc, and on the Board of The Jigsaw Trust.

Stefan Allanson
ACMA, FCT

Chief Financial Officer

Committee membership

S

Appointment to the Board

Stefan was appointed to the Board in July 2015.

Background and experience

Stefan was previously Deputy Chief Financial Officer of Keepmoat Homes. He qualified as an accountant in 1994, following which he held senior finance roles at Honda Motor Co Limited, BTP plc, The Skills Market Limited, The Vita Company Limited and Tianhe Chemicals.

Key strengths

Housebuilding and construction. Public limited companies. Accounting and finance. IT. Business continuity. Risk management. Strategy development. Commercial.

External appointments

Stefan is currently a Non-Executive Director and Chair of the Audit & Risk Committee of Norcros plc.

Fiona Goldsmith
FCA

Non-Executive Director, Senior Independent Director and Workforce Representative

Committee membership

A C N R

Appointment to the Board

Fiona was appointed to the Board in October 2019.

Background and experience

Fiona previously held Executive finance roles at First Choice Holidays plc and Land Securities Group plc. Fiona was also Non-Executive Director at Walker Greenbank. She qualified as an accountant at KPMG.

Key strengths

Accounting, finance and audit. Risk management. Corporate governance. Acquisitions and mergers. Compliance and regulation. Business turnaround. Strategic Development.

External appointments

Senior Independent Director and Chair of the Audit Committee of Safestyle UK plc. Chair of the Audit Committee of Kcom Group Limited.

Christopher Mills

Non-Executive Director (non-independent as a significant shareholder representative)

Committee membership

N/A

Appointment to the Board

Christopher was appointed to the Board in January 2009.

Background and experience

Christopher is the founder of Harwood Capital Management Group and, previously, Chief Investment Officer of J O Hambro Capital Management Limited with an extensive background in investment management.

Key strengths

Public limited companies. Accounting, finance and audit. Acquisitions and mergers. Strategy development. Risk management. Business development.

External appointments

Managing Director of Harwood Capital Management Group, Chief Executive Officer of North Atlantic Smaller Companies Investment Trust plc, and a Non-Executive Director of several publicly quoted and private companies.

Elaine Bailey

Independent Non-Executive Director

Committee membership

S C A N R

Appointment to the Board

Elaine was appointed to the Board in March 2021.

Background and experience

Elaine was previously Chief Executive Officer of the Hyde Group housing association and held a number of senior roles at Serco. Elaine has extensive experience in housing, engineering, construction and government services. Elaine is a chartered member of the Institution of Structural Engineers.

Key strengths

Housebuilding and construction. Strategy development. Health and safety. Risk management. Business development. Commercial.

External appointments

Non-Executive roles at Residential Secure Income plc, McCarthy & Stone (Shared Ownership) Limited, Andium Homes Limited, and Trustee for The Greenslade Family Foundation.

Nicola Bruce

MA (Oxon), FCMA

Independent Non-Executive Director

Committee membership

R C A N

Appointment to the Board

Nicola was appointed to the Board in March 2023.

Background and experience

Nicola has extensive experience in strategy and business development and has previously held senior appointments in a range of private and listed companies. Nicola is an experienced Remuneration Committee Chair including in the building materials and social housing sectors.

Key strengths

Strategy development. Business development. Corporate governance. Acquisitions and mergers. Public limited companies.

External appointments

Senior Independent Director and Remuneration Committee Chair of Anchor Group. Non-Executive Director and Remuneration Committee Chair of Stelrad Group plc and Ibstock plc. Non-Executive Director at OFWAT.

Leanne Johnson

LLB

Head of Legal and Company Secretary

Appointed as Company Secretary in March 2020, Leanne is a qualified solicitor and is Head of Legal for the Company. Leanne trained at Irwin Mitchell and was Legal Counsel for Keepmoat Homes before joining MJ Gleeson plc.

Leanne is also a graduate Chartered Governance Professional.

Key strengths

Housebuilding and construction. Corporate governance. Legal. Regulatory and compliance. IT.

Key:

- N Nomination Committee
- A Audit Committee
- S Sustainability Committee
- R Remuneration Committee
- C Committee Chair

Corporate Governance Report

Division of responsibilities

There is a clear and effective division of responsibilities between Board members. The Chairman is responsible for the overall effectiveness of the Board and, in doing so, promotes the highest standards of integrity and corporate governance. The Chief Executive Officer leads the business in delivering the Group's overall strategy and works closely with the Chairman and the Chief Financial Officer. The Non-Executive Directors provide constructive challenge, strategic guidance and hold management to account. To ensure the Directors maintain control over strategic, financial, operational and compliance matters, the Board meets regularly during the year and has, formally, adopted a schedule of matters that are required to be brought to it for decision.

Board balance and composition

The Board considers that it has a suitable balance of skills, knowledge and experience in order to discharge its duties effectively. This includes a combination of backgrounds and experiences, which enable it to function effectively and to have a dialogue that is both constructive and challenging.

Board and Committee attendance

Board and Committee attendance at scheduled meetings during the year is shown in the table on page 108. Board packs, which include a formal agenda, are circulated in advance of such meetings. The main purpose of these meetings is to permit the Board and Committees to receive regular reports on the performance of the Group and address a wide range of matters, including health and safety, operational performance, risk management, governance, and corporate strategy. The minutes of all meetings of the Board, and of each of its Committees, are recorded by the Company Secretary. As well as recording the decisions taken, the minutes reflect any queries raised by the Directors and record any unresolved concerns.

Matters reserved for the Board or its Committees

Certain matters are reserved for the Board or its Committees, including:

- To determine the Board's structure and composition, including Board appointments, removals and succession planning.
- Agree the Group's strategy and financial policy.
- Approve banking and financing arrangements.
- Approve the interim and annual financial statements.
- Agree and oversee risk management and internal control policy.
- Agree major capital expenditure, material investments or the acquisition or disposal of land.
- Entering into, and amending, pension arrangements.
- Approve contractual arrangements that fall outside the authority delegated to Executive Directors.
- Approve dividend policy and annual dividend payments.
- Pledging security over assets and providing Parent Company guarantees.

In addition, the Board receives updates on sustainability, governance, regulatory and legal matters to assist the Board in maintaining compliance with legislative requirements and best practice. The Board has established the following Board Committees to assist it in fulfilling its oversight responsibilities, providing dedicated focus on particular areas:

Nomination Committee	Page 112
Audit Committee	Page 116
Sustainability Committee	Page 124
Remuneration Committee	Page 128

These Committees play an important governance role through the work they carry out to fulfil the responsibilities delegated by the Board.

Board independence

The Group recognises the importance of having a well-functioning Board that can exercise objective judgement and hold management to account. The Board comprises a Chair, two Executive Directors and four Non-Executive Directors. Their key roles and responsibilities are set out on page 104. Of the Non-Executive Directors, three are considered independent, meaning that the Board satisfies the independence requirements of the Code. The independence of the Non-Executive Directors is kept under review and is assessed annually.

Board activities

Topic	Key activities in financial year ended 30 June 2023
Financial and risk	• Approved the Annual Report and Accounts and interim financial statements. • Considered the Group's long-term viability and approved the going concern assessment. • Reviewed monthly business updates and trading performance. • Approved the budget and plan for financial year ending 30 June 2024 and the medium-term targets for financial years ending 30 June 2025 to 30 June 2030. • Approved the payment of a final dividend in November 2022 and interim dividend in April 2023. • Considered the impact of legislative changes to the Defective Premises Act, and the financial implications of remedial works to buildings pursuant to the DLUHC's self-remediation terms. • Considered the impact of the September 2022 mini-budget on the housing market and approved a "defensive capital allocation plan" and company restructuring. • Approved the Group's tax strategy for financial year ended 2023. • Approved Group insurance policies for financial year ended 2024.
Controls and governance	• Appointed James Thomson as Chairman, Graham Prothero as Chief Executive Officer and Nicola Bruce as Non-Executive Director, to the Board. • Procured an external evaluation of the Group's risk management maturity and control environment. • Reviewed and approved an updated Modern Slavery Statement. • Reviewed cyber risk across the Group. • Reviewed legal and regulatory updates.
Strategy	• Monitored progress against the Group's strategic priorities. • Reviewed and approved the Group's sustainability targets. • Undertook a strategy "away-day" to review the business plans for Gleeson Homes and Gleeson Land. • Considered the financial risk to the business following the end of the Help to Buy scheme in year ended 30 June 2023. • Considered strengthening Gleeson Homes sales in response to a challenging market by exploring partnership and private-rented sector opportunities.
People and employee engagement	• Approved the restructuring plan that was undertaken and completed during the year. • Undertook regular workforce engagement via the Executive Directors and senior management. • Attended employee roadshows, hosted by the Executive Directors, giving employees an insight into the Group's performance and strategy. • Workforce Representative engaged with the HR Director • Board members undertook site and office visits to engage with our colleagues. • The Workforce Representative received any whistleblowing reports.

Corporate Governance Report
CONTINUED

Topic	Key activities in financial year ended 30 June 2023
Sustainability	• Approved the commitment to setting targets validated by the Science Based Targets initiative. • Published new sustainability-led Group policies. • Reviewed progress against sustainability targets and actions undertaken. • Reviewed the Group's sustainable business strategy. • Implemented new targets that are linked to Executive remuneration.
Shareholder engagement	• Engaged with major shareholders before the appointment of James Thomson to Chairman. • Presented full and half-year results to investors and analysts. • Reviewed monthly investor relations reports and annual shareholder body reports. • Released regular business updates via the RNS. • Invited and responded to questions received ahead of the 2022 AGM.

	Board	Audit	Remuneration	Nomination	Sustainability
Scheduled:	6	4	3	1	3
James Thomson[1]	6	n/a	n/a	1	1/1
Graham Prothero[2]	3/3	n/a	n/a	n/a	2/2
Stefan Allanson	6	n/a	n/a	n/a	3
Fiona Goldsmith	6	4	3	1	n/a
Christopher Mills	6	n/a	n/a	n/a	n/a
Elaine Bailey	6	4	3	1	3
Nicola Bruce[3]	1/1	1/1	1/1	1	n/a
Former Directors:					
Dermot Gleeson[4]	3/3	n/a	n/a	n/a	n/a

1 James Thomson attended three Board meetings as Chief Executive Officer (1 July 2022–31 December 2023) and three Board meetings as Chairman (1 January 2023–30 June 2023). During his tenure as Chief Executive Officer, he attended one meeting of the Sustainability Committee.

2 Graham Prothero was appointed on 1 January 2023.

3 Nicola Bruce was appointed on 24 March 2023.

4 Dermot Gleeson resigned from the Board on 31 December 2022.

Key responsibilities

Chairman	• Ensuring the effective running of the Board. • Promoting the highest standards of integrity and corporate governance throughout the Group. • Chairing Board meetings and setting agendas. • Ensuring that the Board as a whole plays a full and constructive part in the development and determination of the Group's strategy and overall commercial objectives. • Ensuring that the Board receives accurate, timely and clear information on: a. the Group's performance; b. the issues, challenges and opportunities facing the Group; and c. matters reserved to it for decision. • Ensuring compliance with the Board's approved procedures, including the schedule of matters reserved to the Board and each Committee's terms of reference. • Engaging with the Board outside of formal meetings on a group or individual basis, as required. • Initiating change and succession planning in Board appointments to build and maintain a highly effective Board. • Ensuring effective communication between the Group and its shareholders and ensuring that members of the Board develop an understanding of the views of the major stakeholders. • Ensuring that there is a properly constructed induction programme for new Directors. • Ensuring that the performance of the Board as a whole, its Committees, and individual Directors is formally, and rigorously, evaluated at least once a year.
Chief Executive Officer	• Diligently performing such duties and exercising such powers as may, from time to time, be assigned by the Board for the successful running of the Group's business. • Proposing and developing the Group's strategy and overall commercial objectives in close consultation with the Chairman and the Board. • Maintaining relationships with major stakeholders. • Ensuring effective dialogue with the Chairman on the important and strategic issues facing the Group. • Ensuring that the Executive Directors give appropriate priority to providing reports to the Board, which contain accurate, timely and clear information. • Ensuring that the Executive Directors comply with the Board's approved procedures, including the schedule of matters reserved to the Board and each Committee's terms of reference, and providing input on appropriate changes to the same. • Keeping the Board alerted to forthcoming complex, contentious or sensitive issues affecting the Group. • Providing information and advice on succession planning, to the Chairman, the Nomination Committee, and to members of the Board, particularly in respect of Executive Directors and senior management. • Setting the Group's culture and values from the top.

Corporate Governance Report
CONTINUED

Key responsibilities

Chief Financial Officer	• Devising and implementing the Group's financial strategy and policies. • Managing the finance, tax, IT, legal, internal audit, and treasury functions. • Monitoring the Group's investor relations activities. • Developing budgets and financial plans. • Principal owner of the Group's risk register. • Managing the Group's insurance strategy and policies. • Managing the Group's relationship with the external auditors. • Devising and implementing the Group's sustainability strategy, policies and actions.
Senior Independent Director	• Chairing Board and Nomination Committee meetings in the absence of the Chairman. • Leading the annual evaluation of the Chairman's performance. • Leading the succession planning process for the Chairman. • Acting as a sounding board for the Chairman on Board and Nomination Committee matters. • Being available to shareholders, or other stakeholders, if they have concerns about the Chairman, Chief Executive Officer or Chief Financial Officer, and to intervene in any circumstances arising from such concerns. • Intervening in, and leading on, settlement discussions relating to any disagreements between the Chief Executive Officer and the Chairman. • Calling a meeting of the Non-Executive Directors if, in their reasonable opinion, it is necessary in relation to any of the matters above or otherwise.
Non-Executive Directors	• Effectively scrutinising and holding to account the performance of the Executive Directors. • Evaluating and appraising the performance of the Executive Directors and senior management against agreed targets, and agreeing remuneration in line with the remuneration policy. • Monitoring the financial information, risk management and control processes of the Group to make sure that they are sufficiently robust. • Ensuring a rigorous process for the appointment and removal of Executive Directors.
Company Secretary	• Supporting the Chairman and Chief Executive Officer in fulfilling their duties, especially in respect of Board agendas, induction, training and the evaluation of Board and Committee effectiveness. • Available to all Directors for advice and support. • Keeping the Board regularly updated on governance matters and best practice. • Ensuring Group policies and procedures are maintained and updated on a regular basis. • Attending and maintaining a record of the matters discussed and approved at Board and Committee meetings.

Code compliance statement

The Company has complied with all principles of the Code for the year ended 30 June 2023 and the vast majority of its provisions. However, as in previous years, there are some instances where the Company has chosen to take advantage of the flexibility offered with the "comply or explain" principle, when applying certain provisions.

The Code recognises that good governance can be achieved by other means and the Board believes the approach taken is the most appropriate for the Group and its shareholders, whilst remaining consistent with the spirit of the Code.

Provision 9

The Chairman of the Board, James Thomson, has previously been Chief Executive Officer, and, therefore, is not considered to have been independent on appointment. The Senior Independent Director undertook a series of consultation meetings with major shareholders before James' appointment and gained overwhelming support. The Board's reasons for appointing James to the role of Chairman were published on 12 October 2022 and made available via the Regulatory News Service and on the Company's website. Further information on James' appointment is set out on page 113.

Risk management and internal control

The Directors acknowledge their responsibility for the Group's risk management procedures and systems of internal controls and for reviewing their effectiveness. Further details on the Group's risk management procedures and systems of internal controls and how the Board and Audit Committee review their effectiveness are included in the Audit Committee Report on pages 116 to 123.

It should be recognised that all such systems and procedures are designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable, rather than absolute, assurance against material misstatement or loss. Risk management and internal control within the Group's operating functions is delegated to senior management, with the Board retaining ultimate responsibility.

The Group operates internal controls to ensure the Group's financial statements are reconciled to the underlying financial ledgers. A review is completed by management to ensure that the financial performance and position of the Group are appropriately reflected.

During the year being reported, and in making this statement, the Board carried out a robust assessment of the principal risks and uncertainties facing the Group, including those that would threaten the Group's business model, future performance, solvency or liquidity. The Board is of the view that there are adequate processes for identifying, evaluating and managing the Group's principal risks. These processes take the form of a formal risk management policy supported by financial and management controls, which are operated Group-wide and are subject to both internal review by the Chief Financial Officer and Group Internal Auditor, and external review as part of the statutory audit carried out by the external auditors.

Viability statement

In accordance with the Code, the Directors have assessed the viability of the Company and the Group over a period longer than the 12 months required by the going concern principle. This takes account of the current position and circumstances of the Group, and the potential impact of its principal risks.

The Directors conducted their assessment for a period of three years to 30 June 2026, which is in line with the Group's financial budget approved by the Board in July 2023. It is also aligned to the operational period of a number of Gleeson Homes' developments. This has enabled a meaningful assessment of viability to be undertaken, utilising detailed Board-approved financial budgets that incorporate individual site cash flow forecasts.

The Directors have considered sensitivities from the impact of a severe, but plausible, downturn in the housing and land markets. For Gleeson Homes, this included the impact of a downturn in both volumes and selling prices. For Gleeson Land, the Directors have considered the impact of delays to the completion of land sales combined with a reduction in land values. Further details can be found in note 1 of the financial statements on page 169.

Additionally, the Directors have considered the measures that would need to be taken to mitigate the impact of these sensitivities, including the ability of the Group to curtail expenditure on new land purchases, new site starts, reduce overheads and cut discretionary spend. This would include reducing future dividend payments in response to a severe, but plausible, downturn.

A core principle of the Group is to maintain a cautious approach to debt funding. Following the refinancing undertaken this year, the Group has a committed bank facility of £135m available until October 2026, with two further one-year extension options provided by two banks. The facility was undrawn at the year end and the Group had a cash balance of £5.2m (30 June 2022: £33.8m net cash).

Based on these facilities, the Group continues to have a high level of liquidity including under the severe, but plausible, scenario, to continue in operation, meet its liabilities as they fall due and remain in compliance with its financial covenants over the assessed period. The mitigating actions required do not disrupt the Group's ability to grow over the long term.

Based on the results of this assessment, the Directors have a reasonable expectation that the Company and the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year viability period.

Assessing the Group's prospects beyond the assessed period, the Directors consider that the demand for affordable, quality new homes will remain strong fundamentally due to market under-supply. The Group maintains a well-capitalised balance sheet and operates a sustainable business model that will continue to deliver long-term growth.

Nomination Committee Report

Key achievements for 2023

- Appointment of James Thomson as Chairman effective from 1 January 2023.
- Appointment of Nicola Bruce as Independent Non-Executive Director, and Chair of the Remuneration Committee, effective from 24 March 2023.

Areas of focus for 2024

- Embark upon a Board Evaluation undertaken by a third-party assessor.
- Consider diversity initiatives for both gender and ethnicity.

"The Committee's priority last year was the search for a new Independent Non-Executive Director to restore the Board's balance of independence and bring new skills and experiences to the Board. The focus for the year ahead will be to embark on the Board's first externally-assessed evaluation."

James Thomson
Chair of the Nomination Committee

Committee members
James Thomson (Chair)
Fiona Goldsmith
Elaine Bailey
Nicola Bruce

Dear shareholder,

I am pleased to present the Nomination Committee Report for the year ended 30 June 2023.

Operation of the Committee

The Committee comprises the Chairman and three Non-Executive Directors of the Board. The Chief Executive Officer, Chief Financial Officer and Company Secretary attend meetings at the invitation of the Committee.

During the year, the Committee, formally, met once and had three unscheduled meetings to consider a range of matters.

Activities during the year

The Committee's main activity during the year was to find a suitable successor for the previous Chairman, Dermot Gleeson, who played a pivotal role on the Board for 47 years.

Other areas of focus included:

- The appointment of Nicola Bruce as Independent Non-Executive Director, and Chair of the Remuneration Committee effective from 24 March 2023.
- A review of the composition of the Board and the range of skills and experience.
- Board and management succession planning.
- A review of Board diversity and independence.
- An annual review of the Committee's terms of reference.
- A review of the internal annual Board evaluation questionnaire and findings.
- A review of the proposals for the Board's first externally-assessed evaluation.

Board appointments

Chairman: The Committee, led by Fiona Goldsmith as Senior Independent Director, undertook an in-depth and wide-ranging search process to appoint a new Chairman to replace Dermot Gleeson who, after 47 years on the Board, including 28 years as Chairman, decided to step down from 31 December 2022.

On 11 October 2022, the Committee was pleased to recommend to the Board that James Thomson be appointed as Chairman, effective from 1 January 2023. James was previously Chief Executive Officer and stepped down on 31 December 2022, after 3.5 years in office.

The Committee surveyed the market with a leading search agent and agreed that James was the most suitable candidate to add stability and continuity to the business at a time when the new Chief Executive Officer, Graham Prothero, was taking office. The Committee consulted with the Company's five major shareholders (representing a 33.9% stake of share capital at the time) prior to the appointment of James Thomson as Chairman.

The Board was satisfied that James was the right candidate to succeed Dermot Gleeson, and would act as a supportive non-executive Chairman to Graham Prothero.

Independent Non-Executive Director: The Committee reported, in 2022, that it would commence the search for a further Independent Non-Executive Director to restore the balance of the Board's independence. The Committee commenced the search process in October 2022 and recommended a shortlist of candidates to be interviewed by the Board in January 2023.

Nicola Bruce was, subsequently, appointed to the Board on 24 March 2023 due to her extensive experience in business strategy and as a Non-Executive and Remuneration Committee Chair.

Committee changes

Nicola Bruce was appointed as Chair of the Remuneration Committee, succeeding Elaine Bailey as interim, and as a member of the Audit and Nomination Committees, effective from 24 March 2023.

Re-election of Directors

The Company's Articles of Association (the "Articles") provide that, at each AGM, at least one-third of the Directors shall retire from office and shall be eligible for reappointment. However, the Board has determined that all Directors will be subject to annual re-election by shareholders and will do so at the next AGM. Graham Prothero and Stefan Allanson each hold service contracts that may be terminated by the Company with a notice period of one year.

Diversity and inclusion

We believe that the composition and quality of the Board should be in keeping with the size and geographical spread of the Group, its sector, culture and status as a listed company. We understand that a diverse Board with a range of views enhances decision making, which is beneficial to the Group's long-term success and in the interests of the Company's stakeholders.

The Board Diversity policy was approved in 2017 and will be reviewed by the Board in 2024. It sets the framework for Board appointments to ensure that candidates are assessed by objective criteria which do not place any candidate at a disadvantage. We believe that it is in the interests of our shareholders that appointments to the Board and our senior management team are made on the basis of merit. Therefore, the Board does not currently set specific targets for boardroom diversity, however, we are cognisant of the new Listing Rules (LR 9.8.6R(9) and LR 14.3.33R(1)) recently introduced.

The Board's gender and ethnic diversity data is set out on page 114. Following the appointment of Nicola Bruce, the number of women on the Board increased from 33% to 43%. This is in line with the FCA's guidance. Since the appointment of Fiona Goldsmith to the role of Senior Independent Director on 24 March 2022, at least one of the senior board positions is also occupied by a woman.

The Board is aware that it does not currently meet the FCA's guidance to have one member of the Board from a minority ethnic background. When appointing Nicola Bruce as a Non-Executive Director, the Board examined options to appoint a Director from an ethnic minority background in so far as that individual would bring the right skills and experience to the Board.

The Board, ultimately, appointed on merit and was satisfied with the outcome. However, as part of its review of the Board Diversity Policy, the Board will keep under review its composition and will ensure that all future appointments are made on merit against the specification prepared for each appointment. In doing so, the Board will seek to meet the FCA's diversity targets

Nomination Committee Report

CONTINUED

Gender diversity

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive management[1]	Percentage of Executive management[1]
Men	4	57%	3	5	83%
Women	3	43%	1	1	17%
Not specified/prefer not to say	–	0%	–	–	0%

[1] The Company is treating the Executive Leadership Team as 'executive management' for the purpose of this data set. The Executive Leadership Team consists of the Executive Directors, the Chief Executive of Gleeson Homes, Managing Director of Gleeson Land, Company Secretary and HR Director.

Ethnic background

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive management[1]	Percentage of Executive management[1]
White British or other white	7	100%	4	6	100%
Minority ethnic background	–	0%	–	–	0%
Not specified/prefer not to say	–	0%	–	–	0%

[1] The Company is treating the Executive Leadership Team as 'Executive management' for the purpose of this data set. The Executive Leadership Team consists of the Executive Directors, the Chief Executive of Gleeson Homes, Managing Director of Gleeson Land, Company Secretary and HR Director.

The Group also implements an equality and diversity policy in respect of its wider workforce, with further details set out on page 149.

Nomination Committee priorities in 2023

Priorities	Work carried out	Outcome
Priority 1 Appointment of a new Chairman effective from 1 January 2023	The Committee undertook a rigorous and formal recruitment process for the role, assisted by external advisers. The Senior Independent Director also consulted with major shareholders and the incoming Chief Executive Officer once a preferred candidate had been selected.	On 12 October 2022, the Committee recommended to the Board that James Thomson be appointed as the Chairman, effective from 1 January 2023.
Priority 2 Appointment of a new Independent Non-Executive Director	The Committee undertook a rigorous and formal recruitment process assisted by external advisers.	On 24 March 2023, the Committee recommended that Nicola Bruce be appointed to the Board as Non-Executive Director.

Board appointment process

1. Information obtained through Board evaluation and succession planning is used to identify gaps in skills, experience, independence and knowledge.
2. The recruitment process is commenced, assisted by external consultants who help determine the desired objective criteria. A longlist of candidates is prepared for the Nomination Committee to review, and, from this, a shortlist of candidates is selected for interview.
3. Interviews with the Chairman, Non-Executive Directors, Executive Directors and Company Secretary (all held separately).
4. Nomination Committee recommend a candidate to the Board for approval.

Succession planning

We recognise that succession planning is an important contributor to the Group's long-term sustainable success. For the Board, this is monitored regularly and is considered in detail during the Board's annual performance evaluation.

Board inductions

Following successful appointment to the Board, new Directors receive a comprehensive and tailored induction programme. The induction programme facilitates their understanding of the Group and the key drivers of business performance and is an opportunity for the Directors to meet key members of the senior management team and undertake site visits.

How this supports a diverse pipeline

The process undertaken during Stage 1 identifies a recruitment need by looking at the tenure of each individual Director, the background, knowledge and skills of each Director, and Board composition as a whole.

This process enables the Nomination Committee to implement plans for the short, medium and long term, which support a diverse pipeline.

External advisers

The Nomination Committee uses external advisers, where required, to assist with the recruitment process. During the year, the Group used the services of a search agent with no connections to the Group or any of the Directors.

Board performance evaluation

Process

Last year, we announced that we would be undertaking an external evaluation of the Board's performance for the financial year ended 2023. Having reflected on the significant Board changes since 31 December 2022, the Board agreed that it would be appropriate to pause this process until the Board had time to become established in their roles. The Board is pleased to announce that it has appointed Bvalco to undertake an external Board evaluation, with the process commencing in September 2023. This process will be completed by the end of the calendar year, and the outcomes and actions noted in the Annual Report and Accounts for 2024.

Because the Board understands the importance of having a rigorous and regular evaluation, during the year, the Board undertook a review of its own effectiveness, and that of its Committees. As in previous years, this was based on the completion of a detailed questionnaire and individual discussions between the Chairman and the Directors.

Fiona Goldsmith, in her role as Senior Independent Director, conducted an evaluation of the Chairman's performance in conjunction with the other Non-Executive Directors and with input from the Executive Directors.

Outcome

The outcome and conclusions reached from these evaluations were discussed by the Board and it was concluded that the Board, its Committees and the Chairman continued to perform effectively. Findings and actions arisings are considered in more detail below.

Findings from the 2023 Board evaluation	Actions planned
The Non-Executive Directors feel empowered to challenge the Executive Directors and the Board as a whole.	Support the independence and effectiveness of the Non-Executive Directors to ensure that the open and transparent conversations with the Chairman and Executive Directors continue.
The Board has a good level of understanding of Group strategy.	Following the success of the Board's strategy day in 2023, schedule more deep dive sessions on key topics and a full strategy day in the year ending 30 June 2024.
The Executive is visible and has a high level of engagement with the workforce. However, there could be wider workforce engagement by the Non-Executive Directors, including more regular face-to-face meetings.	The Board should consider ways to enhance workforce engagement. This includes a plan to move the location of some Board meetings to regional offices.
The quality of Board and Committee papers could be more consistent and concise.	The Executive and Company Secretary should consider the structure and content of Board and Committee papers to enhance efficiencies.
Due to the number of key role changes at Board and senior management level in the year, some of the standard Board and Committee procedures have been protracted.	Committee chairs will work with the Executive on the timing and content for meetings in the financial year ending 30 June 2024.

James Thomson

Chair of the Nomination Committee

13 September 2023

Audit Committee Report

Key achievements for 2023

- Close monitoring of commercial processes, cost management, profit and margin recognition.
- Close monitoring of sales performance for Gleeson Homes following the slowdown in market conditions.
- Close monitoring of the developing regulatory framework in respect of enhanced financial controls.
- Assessing the effectiveness of the Group's internal controls.
- Assessing emerging and principal risks, including those related to climate change and environmental, social and governance matters.
- Obtaining assurance over areas of risk and complexity, including taxes, carrying value of assets and IT security.
- Close monitoring of the Group's systems and controls for complying with regulation and detecting and preventing wrongdoings.

Areas of focus for 2024

- Preparing for the proposed revisions to the 2018 Corporate Governance Code, dealing with audit and governance reforms.
- Developing an enhanced and resilient risk appetite framework.
- Reviewing and developing the Group internal audit plan.
- Continued focus on commercial processes, cost management, profit and margin recognition.
- Ongoing assurance over the financial controls, tax compliance and risk management processes of the Group.
- Resilience and security of key business systems against cyber risks and other threats.

"The Audit Committee continues to play a vital role in supporting the Board in ensuring that effective systems of risk management and control are maintained at all times and are being developed in line with the pace of change of the Group and external regulations."

Fiona Goldsmith
Chair of the Audit Committee

Committee members
Fiona Goldsmith (Chair)
Elaine Bailey
Nicola Bruce

Dear shareholder,

I am pleased to introduce the Audit Committee Report for the financial year ended 30 June 2023, which has been another busy year for the Committee.

Operation of the Committee

All members of the Committee are independent Non-Executive Directors. The Board is satisfied that the membership of the Audit Committee meets the requirement for relevant and recent financial experience. The biographies and professional qualifications of the members are shown on pages 104 to 105.

The Chief Executive Officer, Chief Financial Officer, Company Secretary and other senior management are invited to attend meetings, along with the Group's internal and external auditors, when required. The Committee also met with the Group's internal and external auditors without the presence of Executive Directors or senior management on several occasions throughout the year.

Committee meetings

The Committee is required, in accordance with its terms of reference, to meet at least three times a year. During the year, the Committee formally met four times to discharge its duties.

Activities during the year

During the year, the Committee dealt with the following key matters:

- Approving the Group's interim and annual financial reporting.
- Reviewing principal accounting matters and judgements.
- Reviewing new reporting disclosures.
- Monitoring profit recognition and cost management.
- Obtaining assurance over work in progress and carrying value.
- Reviewing going concern and viability.
- Reviewing Group credit risk.
- Reviewing tax matters and approving the Group's tax strategy.
- Monitoring Legacy matters including those impacted by the Building Safety Act 2022.
- Assessing compliance with Group policies and whistleblowing.
- Assessing external auditor effectiveness, independence and fees.
- Monitoring risk and assurance matters including:
  - reviewing the Group risk register;
  - internal audit plans and reports;
  - external audit strategy and findings;
  - internal control effectiveness;
  - reviewing external reporting on the Group's risk management maturity;
  - IT and cyber security reports; and
  - regulatory compliance, including with the UK Market Abuse Regulation, GDPR, bribery and corruption and corporate criminal offences.

Audit Committee activities in 2023

Activity	Work carried out	Outcome
Financial reporting – fair, balanced and understandable	The Committee reviewed the integrity of this Annual Report and Accounts and formal announcements made during the year relating to the Group's financial performance. At the request of the Board, the Committee considered whether the 2023 Annual Report and Accounts taken as a whole is fair, balanced and understandable and whether it provides the necessary information for shareholders to assess the Company's performance, business model and strategy. In doing so, the Committee received comments from management and the external auditors at its meeting in September 2023. It also reviewed the annual compliance procedures and management returns that support the Group's financial reporting governance framework and risk management process for the year ended 30 June 2023.	The Committee was satisfied that, taken as a whole, the 2023 Annual Report and Accounts is fair, balanced and understandable and provides sufficient information for shareholders to assess the Company's and Group's performance, business model and strategy. The Committee recommended as such to the Board.
Risk management	The Committee reviewed the Group's principal and emerging risks and mitigation strategies, with particular discussion of prioritised risks and risk movements. The Committee also reviewed an external report on the Group's risk management maturity and the recommendations made. A summary of principal Group risks and any changes during the year is set out in Risk Management on pages 36 to 41. The Committee fully understands the risks faced by the Group and how these are being addressed. The process ensures that the Committee meets its obligation to oversee the effectiveness of risk management, and allows it to confirm to the Board that appropriate controls and mitigations are in place and operating effectively.	The Committee and the Board fully understand and manage the balance of risks in the business. The Committee supports the Group in moving to an enhanced risk management framework in readiness for proposed changes to the Corporate Governance Code.

Audit Committee Report

CONTINUED

Activity	Work carried out	Outcome
Internal controls	The Committee agreed a plan to review the Group's internal control environment, supported by external advisers, in readiness for proposed changes to the Corporate Governance Code. This includes the development of risk and control matrices across all key business processes.	The Committee supported the Group in approving a project plan to assess controls and implement improvement opportunities for key process areas.
Profit recognition	Throughout the year, the Committee reviewed the processes, controls and assumptions for recognising profit margin on development sites including three particular areas: cost inflation, selling prices and contingencies. See further details under "Financial reporting and significant judgements" on page 174.	The Committee satisfied itself that the associated processes and controls have continued to operate effectively across the Group and the assumptions applied by management in relation to profit recognition remain appropriate.
Work in progress	The Committee reviewed reports from the Group's internal auditor on the carrying value and recoverability of land and work in progress on selected Gleeson Homes sites. The Committee also received reports on the recoverability and carrying value of work in progress in Gleeson Land. See further details under "Financial reporting and significant judgements".	The Committee satisfied itself that the carrying value of land and work in progress in both Gleeson Homes and Gleeson Land remains appropriate.
Group taxes	The Committee received regular updates on Group tax matters. These cover all aspects of compliance, including VAT, Corporation Tax, Residential Property Developers Tax, Construction Industry Scheme and employment taxes including off-payroll working arrangements. The Committee oversaw the Group's submission of an unqualified Senior Accounting Officer certificate. The Committee reviewed the Group's Tax Strategy statement for the year to 30 June 2023 and recommended its approval to the Board. A copy of the Tax Strategy statement can be found on the Company's website www.mjgleesonplc.com	The Committee satisfied itself that the processes and controls associated with Group taxes remain robust.
Legacy matters	The Committee received and reviewed reports on claims associated with the Legacy businesses, being the contracting and engineering businesses sold more than ten years ago. This includes those buildings impacted by the changes brought about by the enactment of the Building Safety Act 2022 and the government's Self-Remediation Terms.	The Committee remains satisfied that the Group is complying with its obligations under the Self-Remediation Terms, and, in conjunction with the Chief Financial Officer, continues to monitor the status of claims and any remaining liabilities.

Activity	Work carried out	Outcome
Cyber security	The Committee received two reports in the year on the Group's cyber risk management, including key risks and mitigating actions.	The Committee remains satisfied that the Group is managing cyber security risk in a proportionate and effective manner.
Internal audit	The Committee set the internal audit plan, for the financial year ended 30 June 2023, at its meeting in September 2022. As covered under "Internal audit", the Committee received and reviewed reports from the internal auditor throughout the year on internal audits conducted across the business.	The Committee remains satisfied with the effectiveness of the internal audit function.
External audit	As covered under "External audit", the Committee received and reviewed the external auditors' Group audit plan at its meeting in February 2023. Following completion of the audit of the Group, the external auditors presented their findings to the Committee in September 2023.	The Committee remains satisfied with the effectiveness of the external auditors and the audit process.

Other activities

During the year, the Committee also reviewed reports on IT and systems, corporate disclosures and MAR, GDPR, credit risk, Corporate Criminal Offence, anti-bribery, and malpractice monitoring.

Financial reporting and significant judgements

The significant financial reporting matters and areas of significant judgement considered by the Committee during the year are those that present a risk of material misstatement to the Group's financial statements, being:

Area	Work carried out	Outcome
Margin recognition	The allocation of inventories to cost of sales on the sale of individual homes is dependent on estimates of total build costs and future selling prices for each site as a whole. These estimates, therefore, impact on the timing and amount of profit margin recognised on sales of individual homes. The Committee monitors the effectiveness of internal controls exercised over the key processes employed by the Group in site development activities and the forecasting of future costs, revenue and profit. The Committee receives regular reports regarding sales of homes and the costs, and possible future costs, relating to individual sites. The Committee reviewed the assumptions applied by management, supporting the profit margin recognised on the sale of individual homes, and concluded that they remain appropriate.	The Committee satisfied itself that the associated processes and controls have continued to operate, effectively, across the Group and the assumptions applied by management in relation to profit margin recognition are appropriate.
Carrying value of land and work in progress	The most significant asset carried by the Group is inventory, which includes land and work in progress. The Group carries inventories at the lower of cost and net realisable value, which is dependent on estimates of total build or land promotion costs and future selling prices. There is, therefore, a risk that land and work in progress is held at a value in excess of the lower of cost and net realisable value. The Committee monitors the effectiveness of internal controls exercised over the key processes employed by the Group in site development activities and the forecasting of future costs, revenue and profit. The Committee also receives regular reports on the carrying value of land and work in progress in Gleeson Homes and Gleeson Land. The Committee reviewed these reports and debated them with the internal auditor and with management.	The Committee satisfied itself that the carrying value of land and work in progress remains appropriate. The Committee satisfied itself that the associated processes and controls have continued to operate, effectively, across the Group and the assumptions applied by management in relation to profit recognition are appropriate.
Building safety	The Committee reviewed, challenged and agreed the basis on which the Group's review and assessment of buildings over 11 metres, in which the Group played a part in developing, was carried out. The Committee considered the assessment of costs associated with life-critical fire-safety remediation in respect of any such buildings and the findings from independent experts. More details can be found in note 18 to the financial statements.	The Committee satisfied itself that the processes undertaken by the Group in respect of the identification, assessment and estimation of life-critical fire-safety remediation costs were robust and the provisions recognised were appropriate.

Area	Work carried out	Outcome
Climate change and environmental risk	The Committee reviewed the risk of climate change impacting the Group as part of the risk register review during its regular meetings. Climate change has the potential to impact the Group through restricted land availability, disrupted build programmes, material and labour shortages and increased costs. This could impact the carrying value of assets, including land held in inventory, or require specific provisions to be made.	The Committee satisfied itself that no provisions or impairment of assets have been recognised in these financial statements as a result of climate change or environmental risks and that this remains appropriate.
Carrying value of investments (Company only)	The Committee reviewed the carrying value of the investment in subsidiaries during the year. Following a review of the carrying value of investments in the Parent Company, the Company's investment in the Legacy businesses was written down by £3.8m in the Company only. This has no impact on the consolidated Group.	The Committee satisfied itself that the carrying value of investments held in the Parent Company remains appropriate at the balance sheet date with no other indicators of impairment.
Going concern and viability reporting	The Committee examined the financial forecasts for the Group including the impact of a severe, but plausible, downturn in the housing and land markets. These were examined by the Committee in conjunction with its review of this Annual Report and Accounts. The Committee satisfied itself and, subsequently, the Board, that the going concern basis of preparation continues to be appropriate in the context of the Group's banking and liquidity position. Further details can be found in note 1 of the financial statements on page 169. In accordance with the provisions of the Code, the Committee considered the time period over which it could reasonably assess the Group's ability to continue to trade, taking into account the Group's financial budget period and operational forecasts. It concluded that this should remain a three-year period, as explained in the viability statement on page 111. The Committee received detailed financial analysis based on the Group's latest budgets with a severe, but plausible, scenario applied over the three-year period and determined that there was a reasonable expectation that the Group will be able to continue in operation, meet its liabilities as they fall due and maintain compliance with its banking covenants.	The Committee satisfied itself that, based on the financial modelling undertaken, the Company and Group have adequate resources to continue in operation for the foreseeable future and operate in compliance with their bank facilities. The Committee recommended statements to this effect to the Board to approve for inclusion in this Annual Report.

Audit Committee Report
CONTINUED

Effectiveness of internal controls and risk management systems

The Committee is responsible for reviewing and monitoring the effectiveness of internal controls and risk management systems on behalf of the Board. The Group's system of internal control includes the following processes:

- The Board and management committees meet regularly to monitor performance against key performance indicators, which include cash management and financial and operational measures. A variety of financial and non-financial reports are produced to facilitate this review process.
- The Board has established defined lines of authority to ensure that significant decisions are taken at an appropriate level.
- The Group employs individuals of appropriate calibre and provides any training that is necessary to enable them to perform their role effectively. Key objectives and opportunities for improvement are identified through annual performance and development reviews.
- Each division has defined procedures and controls to identify and minimise business, operational and financial risks. These procedures include segregation of duties, provision of regular performance information and exception reports, approval procedures for key transactions and the maintenance of proper records. Compliance with these procedures and controls is certified annually by management to the Committee. The Group's programme of insurance covers the major risks to the Group's assets and business and is reviewed annually.
- Authorities are in place that require divisional management to refer all significant decisions that exceed prescribed limits to either the Executive Directors or the Board for approval.

Regular reviews are undertaken in order to identify any changes in procedure or controls that may be required in the light of changing circumstances.

The effectiveness of the overall internal control framework and risk management process is monitored by both the Audit Committee and the Board. As part of this, the Committee reviews the annual compliance returns completed by each divisional management team, which confirm that key financial controls have been in operation throughout the year and that an effective control environment has been maintained.

Each divisional management team also completes an annual risk assessment. The results of this are reviewed by the Committee and risks identified are incorporated into the Group risk register. The Risk Management section on pages 36 to 41 sets out details of the principal risks that the business faces and how it manages these risks.

The Committee has satisfied itself that an appropriate system of internal controls and risk management processes have been maintained throughout the year to safeguard shareholder interests as well as the Group's assets in accordance with the requirements of the Code.

Whistleblowing arrangements

The Group has in place a formal whistleblowing policy, an internal whistleblowing mailbox monitored by the Head of Legal and Company Secretary, and an independent external whistleblowing helpline. These enable all employees of the Group to, confidentially, report any malpractice or matters of concern they have regarding the actions of employees, management or Directors, and any unlawful behaviour or breaches of the Group's policies or practices, without fear of recrimination. The policy includes a process for proportionate and independent investigation of any reports received. This may involve an informal review, an internal inquiry, or a more formal investigation. Whenever possible, feedback is given to the whistleblower on the outcome of any investigation.

The Head of Legal and Company Secretary maintains a register of reports received through both internal and external processes, which is reviewed by the Committee at least every six months.

Employee awareness of the Group's whistleblowing policy is maintained through the induction process, newsletters, posters and reminders that "if you see something, say something". Employees also undertake a mandatory online course, which is designed to raise awareness of reportable issues or incidents upon joining, which is repeated every 12 months.

Anti-bribery and corruption policy

The Group values its long-standing reputation for ethical behaviour and integrity. Conducting its business with the highest ethical standards and a zero-tolerance approach to all forms of corruption is central to these values, the Group's image and reputation. The Group policy sets out the standards expected of all employees in relation to anti-bribery and corruption and the Board has overall responsibility for ensuring this policy complies with the Group's legal and ethical obligations and that everyone in the organisation complies with it. This policy is also relevant for third parties who supply goods or perform services for, or on behalf of, the Group. We require those parties to adhere to this policy or have, in place, equivalent policies and procedures to combat bribery and corruption.

Employees also undertake a mandatory online course, which is designed to raise awareness of bribery and corruption offences and penalties for both individuals and the Group.

The Committee reviews a report on the registers of gifts and hospitality given or received by Directors and employees of the Group at least every six months. No incidents of bribery or corruption involving the Group or its employees were reported to the Committee during the year.

Human rights and modern slavery

In accordance with section 54(1) of the Modern Slavery Act 2015, the Board reviews, approves and publishes the Group's Modern Slavery Statement on an annual basis. Modern slavery risk is overseen by the modern slavery focus group, led by the Chief Financial officer and Head of Legal and Company Secretary. Risks are regularly assessed, with the Group's highest-risk areas, being its supply chain, regularly audited. To ensure there is a full understanding of modern slavery risk throughout the business, all employees receive online training on spotting the signs of slavery within the workplace and are actively encouraged to raise concerns through the whistleblowing lines.

Internal audit

The Committee is responsible for reviewing and approving the annual internal audit plan. This continues to cover a broad scope of activities across the Group focused on areas of risk and management judgement.

During the year, the Committee received eight reports from the internal auditor on the findings of internal audits conducted throughout the business, together with proposed recommendations to rectify any issues identified. The findings of these reports were actively debated by the Committee with the internal auditor and with management. The Committee monitored the follow up on actions identified.

The Committee reviewed the effectiveness of the internal audit function and concluded that it has operated effectively and provided a suitable level of independent scrutiny across the operations of the Group.

External audit

PricewaterhouseCoopers LLP were first appointed as auditors to the Group in December 2016 following a competitive audit tender, and were most recently reappointed following approval by shareholders at the AGM on 18 November 2022.

In February 2023, the auditors presented their Group audit plan to the Committee, identifying their assessment of key risks in the Group's financial reporting. For the 2023 financial year, as in prior years, the primary risks identified were in relation to the carrying value of land and work in progress in Gleeson Homes, work in progress in Gleeson Land and the building safety provision. Consistent with the prior year, the carrying value of investments in subsidiaries was also identified as a primary risk in relation to the Company only.

The Committee formulates and oversees the Group's policy on monitoring external auditors' objectivity and independence in relation to non-audit services and is responsible for the approval of all audit and non-audit fees for services provided by the Company's auditors. As a result of the EU Audit Reforms Regulations (as amended 11 June 2016), and the FRC's revised ethical standard (as revised December 2019), the auditors are excluded from undertaking a range of work on behalf of the Group to ensure that the nature of non-audit services performed, or fee income earned relative to the audit fees, do not compromise, and are not seen to compromise, the auditors' independence, objectivity or integrity.

For the year to 30 June 2023, there were no non-audit fees paid to the external auditors. Details of the audit fees incurred are disclosed in note 4 to the financial statements.

The Committee assesses the performance and effectiveness of the external auditors on an annual basis. When making their assessment, the Committee considers feedback from the Chief Financial Officer and other senior finance management, the auditors' fulfilment of the agreed audit plan, and the auditors' objectivity and independence during the process. The Committee also holds private meetings with the auditors on an annual basis. Matters discussed include the auditors' assessment of business risks and management activity thereon, the transparency and openness of interactions with management and confirmation that there has been no restriction in scope placed on them by management.

The Committee concluded that the audit process had been conducted robustly and PricewaterhouseCoopers LLP's performance, as auditors to the Company, was considered to be satisfactory. As the auditors have indicated their willingness to continue in office, a resolution that they be reappointed will be proposed at the next AGM of the Company on 16 November 2023.

Under current regulations, the Company is not due to re-tender its audit until 2026; however, the Committee will continue to monitor the performance of the external auditors during this time and make recommendations accordingly.

Fiona Goldsmith
Chair of the Audit Committee

13 September 2023

Sustainability Committee Report

Key achievements for 2023

- Recommending to the Board to commit to setting a medium and long-term carbon reduction target validated by the Science Based Targets initiative ("SBTi").
- Review of progress against 2023 sustainability targets and setting of 2024 targets.
- Approval of the Group biodiversity strategy.
- Review of Group reporting and disclosures, in particular climate risk scenario modelling for TCFD.
- Review of Group environmental risks and mitigating actions.

Areas of focus for 2024

- Monitoring progress against 2024 sustainability targets.
- Developing the Group's long-term carbon emissions reduction pathway.
- Developing the Group's water strategy.
- Enhancing the Group's climate-related reporting disclosures and communications.

"We are proud to announce that we have committed to setting medium and long-term carbon reduction targets that will be validated by the Science Based Targets initiative."

Committee members

Elaine Bailey (Chair)

James Thomson (resigned on 31/12/2022)

Graham Prothero (appointed on 01/01/2023)

Stefan Allanson

Dear shareholder,

I am pleased to introduce our Sustainability Committee Report for the financial year ended 30 June 2023, during which we have continued to make steady progress on our sustainability objectives.

Operation of the Committee

The Committee is comprised of the Chair, the Chief Executive Officer and the Chief Financial Officer. Other members of the Board, senior management or external advisers are invited to attend for all, or part of, any meeting, as and when required.

Committee meetings

The Committee is required, in accordance with its terms of reference, to meet at least three times per year. During the year, the Committee met formally on three occasions.

Activities during the year

During the year, the Committee dealt with the following key matters:

- Reviewing progress against 2023 sustainability targets and actions.
- Agreeing new sustainability targets and actions for 2024.
- Reviewing the Group's environmental risk register.
- Agreeing further steps for the Group in respect of:
  - the Group's ongoing initiatives to reduce scope 1 and 2 carbon emissions;
  - scope 3 emissions data and a projected carbon reduction pathway;

- committing to set long-term carbon reduction targets covering scopes 1, 2 and 3 aligned with the SBTi;
- enhancing employee engagement;
- enhancing the customer experience;
- reviewing the Group's new biodiversity strategy;
- agreeing a range of climate-related scenarios and reviewing their impact on the Group; and
- reviewing climate-related disclosures in accordance with the Task Force on Climate-related Financial Disclosures ("TCFD") and the Sustainability Accounting Standards Board ("SASB").

Our aims

We are all aware of the potential impacts of climate change and the risks, not only to our business, but also to the communities in which we build. We are already seeing some of the potential effects in the form of more extreme weather events, flooding and water stress. This is coupled with other environmental issues including phosphates and nitrates, and nutrient neutrality, which are impacting the sector. Our aim is to continue to adapt and respond to these risks in our approach to land use, materials, technology, design and processes in order to manage and mitigate our impact and the effects on our business.

In addition, climate change poses transitional risks such as changes in government policy which influence how we operate. We continually review the specification of our homes as well as future amendments to building regulations and identify new sustainable technologies that can support us in reducing our carbon footprint, enhancing nature and reducing waste. Further assessment on climate-related risks can be found within our TCFD reporting on pages 76 to 85.

The development of our long-term carbon reduction strategy is progressing well and we are working with third-party consultants to finalise our plans before submitting these to the SBTi for validation. These projections will outline how we utilise low carbon building materials, new technologies and collaborate with our supply chain to realise our long-term decarbonisation plans. Our carbon reduction targets will focus on scope 1, 2 and 3 emissions and will commit to significant carbon reduction targets across both the medium and long term. Further details on our carbon emissions and carbon reduction plans can be found on pages 58 to 65.

In the short term, our aim is to set sustainability targets and actions that can be quantified and that are, ideally, within the tenure of those who are measured against them. This enables sustainability targets to be linked to performance and remuneration effectively and drives purposeful outcomes, which help to drive the business towards achieving its sustainable business strategy.

We also seek to provide clarity and leadership in our reporting on sustainability, sharing the Group's targets and performance, including where we have not achieved targets and any areas for improvement. We believe that our stakeholders value this honesty in reporting.

Emily, Field Sales Manager, Maxine, Sales Manager and Abbie, Marketing Coordinator

Sustainability Committee Report

CONTINUED

Sustainability Committee activities in 2023

Activity	Work carried out	Outcome
Carbon emissions	The continuation of our scope 3 emissions evaluation for embodied and in-use carbon has significantly improved the accuracy of our carbon data and understanding. The Committee has continued to review the progress made on our carbon emissions reduction plans and the viability of achieving long-term carbon reduction targets, which will be validated by the SBTi.	The detailed validation of scope 3 emissions will enable us to more robustly develop our medium and long-term carbon reduction pathway. Based on the projected plans, the Committee recommended to the Board to commit to setting targets validated by the SBTi.
Sustainability targets	The Committee received updates on progress against the 2023 sustainability targets that were published in last year's annual report. The Committee challenged where progress was falling short of the targets set and the corrective actions being taken. Progress against our published 2023 targets can be found on pages 70 to 74. The Committee reviewed and approved the targets and actions for 2024. These can be found on page 75.	The Committee was disappointed with progress against the 2023 targets, but acknowledges that the targets are challenging and appropriate actions are being taken to address key issues. The Committee approved the targets and actions proposed for 2024.
Sustainability risk register	The Committee reviewed the environmental risk register. This assesses both the inherent and mitigated risks of the environmental issues relevant to the Group. Group risks, including those related to climate change and sustainability, informed by the environmental risk register, are monitored by the Audit Committee and the Board as set out in Risk Management on pages 36 to 41.	The Committee and the Board fully understand and manage the balance of risks in the business.
Climate-related disclosures	The Committee reviewed the draft and final disclosures for inclusion in this Annual Report and Accounts. This includes the disclosures based on the recommendations of the TCFD, which can be found on pages 76 to 85, and the relevant SASB Industry Standards, which can be found on pages 86 to 91.	The Committee approved the disclosures for inclusion in this Annual Report and Accounts.

Elaine Bailey
Chair of the Sustainability Committee

13 September 2023

Hillcrest Gardens,
Gainsborough, Lincolnshire

Remuneration Committee Report

Key achievements for 2023

- Reviewing and approving the annual bonus and LTIP outcomes for 2023.
- Approving salary increases for the Executive Directors and senior management for 2024.
- Approving performance targets for the annual bonus and LTIP awards for Executive Directors and senior management for 2024.
- Reviewing and approving proposals for workforce remuneration, particularly in light of the rising costs of living.

Areas of focus for 2024

- Setting targets for Executive remuneration that align to the Group's business strategy.
- Reviewing wider workforce remuneration and related policies.

"The Committee has applied the Directors' Remuneration Policy as intended in balancing the performance of the Group in challenging economic conditions with the personal performance of individuals."

Committee members

Nicola Bruce (Chair)

Elaine Bailey

Fiona Goldsmith

Dear shareholder,

I am pleased to present the Directors' Remuneration Report for 2023, describing the key decisions made on Directors' remuneration during the year and how we intend to apply the Directors' Remuneration Policy during the year ending 30 June 2024.

The Directors' Remuneration Policy was approved by shareholders at the AGM on 18 November 2022 (with 97.53% of votes cast in favour) and became effective from that date. There are no proposals to amend the Policy at the 2023 AGM. A summary of the Policy is set out on pages 131 to 133. The full Policy can be found in the 2022 Annual Report and Accounts, which is available to download from the Company's website at www.mjgleesonplc.com

I would also like to take this opportunity to thank Elaine Bailey for her contribution as Interim Chair of the Committee until the end of March 2023.

Pay and performance outcomes for 2023

Results for the year

The Group has delivered results for the year in line with market expectations. Gleeson Homes completed the sale of 1,723 homes during the year, down 13.9% compared to the prior year, reflecting the slowdown in the wider economy and the immediate impact of increasing interest rates on buyer confidence. The average selling price increased by 11.3% compared to the prior year and helped to offset material and labour cost increases experienced across the sector. Gleeson Land sold three sites during the year with the potential to deliver 413 plots for housing development. It ended the year with a portfolio of 70 sites with the potential to deliver 17,831 plots for housing development.

In addition, the business successfully concluded the restructuring of Gleeson Homes from nine regional management teams to six and moved to a more standardised operating structure. The process resulted in annualised administrative overhead cost savings of £3.2m at a one-off cost of £1.0m and ensures that the Group is well positioned for future growth opportunities as the market recovers.

Annual bonus

As disclosed in last year's Directors' Remuneration Report, Graham Prothero was awarded a maximum bonus opportunity of 150% of salary, prorated to reflect the period of his service as Chief Executive Officer during the year. His bonus was based on Group profit before tax (as regards 60% of the potential award) and strategic performance (as regards 40% of the potential award). The Committee attributed a higher weighting to Graham Prothero's strategic performance, as compared to the other Executive Directors (see below), in order to appropriately incentivise and reward him for delivering key strategic imperatives in his first six months of appointment, most notably, restructuring and standardising the operations of Gleeson Homes. His strategic performance objectives were based on delivering the Gleeson Homes restructure, customer satisfaction, sustainability targets and strengthening the Group's carry forward position in respect of Gleeson Land.

Stefan Allanson and James Thomson (during his time as Chief Executive Officer) were each awarded a maximum bonus opportunity of 125% of salary, with James Thomson's opportunity prorated to reflect the period of his service as Chief Executive Officer during the year. Their bonuses were based on Group profit before tax (as regards 80% of the potential award) and strategic performance (as regards 20% of the potential award).

Their strategic performance objectives were based on customer satisfaction (James Thomson only), site openings, delivering completions in line with budget, sustainability targets and strengthening the Group's carry forward position in respect of Gleeson Land.

The Group achieved profit before tax (pre-exceptional items) of £31.5m for the year ended 30 June 2023. Although in line with market expectations, this was below the threshold target and the profit-related element of the bonus awards lapsed in full.

Based on performance against the strategic performance objectives, Graham Prothero, Stefan Allanson and James Thomson each earned a bonus equal to 25.08%, 3.67% and 4.54% of the maximum bonus potential respectively. Full disclosure of performance against their strategic objectives is set out on pages 136 to 139.

The Committee considered these bonus outcomes alongside broader perspectives, including underlying business performance and the experience of customers, employees and other stakeholders. The Committee noted that the Group has delivered on key strategic priorities during the year, including successfully restructuring Gleeson Homes. After careful reflection, the Committee considered the bonus outcomes to be appropriate and no discretion was applied.

2020 LTIP

Stefan Allanson and James Thomson were each granted an LTIP award in 2020 equal to 150% of salary. The awards were subject to performance targets based on EPS (as regards 50% of the award) and relative TSR (as regards 50% of the award). These awards will lapse in full based on performance against the EPS and relative TSR targets. See page 139.

The Group has responded well to the volatile and challenging macroeconomic environment and this is testament to the quality of our Executive Directors and wider management team. However, the Committee recognises that shareholders have been impacted by the Group's share price performance over the last year and consequently determined that it was not appropriate to apply discretion to adjust the formulaic vesting outcome for the Executive Directors' 2020 LTIP awards.

Reward for the wider workforce

All of our employees contribute to the Group's success. When making decisions in respect of the Executive Directors, the Committee considers the reward arrangements for, and views of, the wider workforce.

The Group was the first major housebuilder to be accredited by the Living Wage foundation. Other housebuilders have now followed our lead and the Group believes that all employees in all sectors should be paid the real Living Wage or higher. The only exception to this is for apprentices, where the Group continues to pay above the government's guidelines.

We have awarded an average salary increase for the wider workforce of 5% (effective from 1 July 2023). Salary increases were tapered with higher increases (in percentage salary terms) awarded to our lower paid employees.

We support employee share ownership so that our employees may share in the Group's success. We operate a tax-efficient all employee Share Incentive Plan.

Remuneration Committee Report

CONTINUED

Our Non-Executive Workforce Representative, Fiona Goldsmith, engages directly with employees on a range of topics of interest to them, including Directors' remuneration. Workforce engagement activities included site and office visits, reviewing the results of the Group's employee engagement survey and discussions with senior management and staff on business performance and matters of concern.

Gender pay gap

The Group's median gender pay gap is 3.1% in favour of women, versus the 2022 national median of 8.3% in favour of men.

The Group continues to develop and encourage more women into roles that have, traditionally, been male occupied, including better provision on sites for female employees and subcontractors. Details of our equal pay policy and further details on our gender pay gap report, are set out in the Group's Gender Pay Gap Report, which can be found at www.mjgleesonplc.com

Remuneration in 2024

An overview of how we intend to apply the Directors' Remuneration Policy during the year ending 30 June 2024 is set out on pages 131 to 133.

Review of annual bonus performance metrics

In line with our Remuneration Policy, we will continue to reflect the importance of financial performance in the 2024 bonus metrics: 75% of the award will be based on Group profit before tax and the remaining 25% of the award will be based on strategic objectives.

Improving Gleeson Homes' customer experience rating and increasing the Group's forward order book and Gleeson Land sites, are key strategic priorities for 2024 underpinning our future growth.

We are also committed to the further development of our Sustainability Strategy and have consequently included a target related to the submission of a science based carbon reduction plan to the SBTi for validation, which is a critical milestone of the Group's sustainability strategy, as a remuneration metric for 2024.

After careful consideration, the Committee has determined to apply the following weightings for 2024 bonus metrics:

- Group profit before tax (75%);
- Improving customer experience (10%);
- Increasing forward order book and Gleeson Land sites (10%); and
- Submitting a robust and verifiable carbon reduction plan by 30 June 2024 that meets the SBTi criteria and recommendations (5%).

Furthermore, given our continued focus on health and safety, the Committee will explicitly consider a reduction in the bonus outcome if the Group's Reportable Incident Rate for 2024 is higher than the House Builders Federation Health and Safety Standard.

The Committee considers that the approach to 2024 performance metrics is appropriate, noting that:

- A significant proportion (75%) of the award continues to be based on stretching Group profit before tax performance targets.
- Our strategic targets, which underpin our growth and sustainability objectives, will be specific, measurable and sufficiently stretching such that Executive Directors are appropriately incentivised and rewarded for delivering key strategic priorities during 2024.
- Health and safety performance will explicitly be considered by the Committee when determining the final bonus outcome.

The Group profit before tax and strategic performance targets are considered commercially sensitive and will be fully disclosed in next year's Directors' Remuneration Report.

Conclusion

I trust the information presented in this report enables our shareholders to understand both how we have operated our Directors' Remuneration Policy over the year and our rationale for decision making. We believe that the Policy operated as intended and we consider that the remuneration received by the Executive Directors during the year was appropriate taking into account Group and personal performance, and the experience of all stakeholders. The Remuneration Committee did not apply any discretion to the Executive Directors' reward outcomes in respect of the year ended 30 June 2023.

I will be available at the AGM to respond to any questions and discuss any aspects of the Annual Report on Remuneration or the Committee's activities.

Nicola Bruce
Chair of the Remuneration Committee

13 September 2023

Implementation of the Remuneration Policy

FOR THE YEAR ENDING 30 JUNE 2024

Executive Directors

Set out below is a summary of the key elements of the Remuneration Policy for Executive Directors, together with how the Policy is intended to be implemented for the year ending 30 June 2024.

	Key features	Implementation for year ending 30 June 2024
Base salary	Normally reviewed annually taking into account a number of factors including (but not limited to): • Personal performance • Group performance • Inflation and earnings forecasts • State of the marketplace generally • Pay and conditions elsewhere in the Group	The Executive Directors were each awarded a 3% salary increase with effect from 1 July 2023. This compares to an average salary increase of 5% for the wider workforce. Salary from 1 July 2023: • Graham Prothero: £556,200 • Stefan Allanson: £345,865
Benefits	Provision of cash benefits and benefits in kind including (but not limited to): • Company car or cash equivalent • Private fuel • Private medical insurance – family cover • Life insurance • Permanent health insurance • Annual health check	In line with benefits provided in the year ended 30 June 2023.
Pension	Contribution to the Group's defined pension scheme, personal pension arrangements for the Executive Director or cash alternative. The maximum contribution or pension allowance is aligned with the level available to the majority of the wider workforce (currently 6.5% of salary).	Pension contribution or cash pension allowance equal to 6.5% of salary for both Graham Prothero and Stefan Allanson.
Annual bonus	Maximum opportunity of up to 150% of salary in respect of a financial year. Performance metrics are determined annually, reflecting the Group's strategy and key performance indicators. A minimum of 50% of the bonus will be based on financial performance metrics. The Committee has the discretion to override the formulaic outturn of the bonus to determine the appropriate vesting level where it believes the outcome is not truly reflective of underlying performance during the performance period and to ensure fairness to both shareholders and the Executive Directors. Executive Directors are required to defer one-third of any bonus earned into shares for a two-year period. Malus and clawback provisions apply.	The maximum opportunity for Graham Prothero and Stefan Allanson will be 150% of salary and 125% of salary respectively. 75% of the award will be based on PBT performance, 10% based on customer experience, 10% based on increasing forward order book and Gleeson Land sites and 5% based on submitting a robust and verifiable carbon reduction plan by 30 June 2024 that meets the SBTi criteria and recommendations. The Committee will explicitly consider a reduction in the bonus outcome if the Group's Reportable Incident Rate for 2024 is higher than the published House Builders Federation Health and Safety Standard. Performance targets are considered commercially sensitive and will be fully disclosed in next year's Directors' Remuneration Report.

Implementation of the Remuneration Policy CONTINUED

FOR THE YEAR ENDING 30 JUNE 2024

	Key features	Implementation for year ending 30 June 2024
LTIP	Normal maximum LTIP opportunity of up to 150% of salary in respect of a financial year. Performance metrics are determined annually, reflecting the Group's strategy and key performance indicators. The Committee has the discretion to override the formulaic outturn of the LTIP to determine the appropriate vesting level where it believes the outcome is not truly reflective of underlying performance during the performance period and to ensure fairness to both shareholders and the Executive Directors. Awards will be subject to a two-year holding period following the end of the performance period. Malus and clawback provisions apply.	The maximum opportunity for both Graham Prothero and Stefan Allanson will be 150% of salary. 50% of the award will be based on EPS performance and 50% will be based on relative TSR performance measured over a period of three financial years ending 30 June 2026. Details of the EPS and relative TSR performance targets are set out below.

2023 LTIP awards

The targets for the 2023 LTIP awards are set out below. The Committee considers the targets to be appropriately stretching, taking into account internal and external forecasts, the challenging market conditions and the continued level of uncertainty.

	Threshold (20%) of award vests	Maximum (100%) of award vests[2]
EPS for the year ending 30 June 2026	61.5 pence	70.0 pence
Relative TSR[1]	Median	Upper quartile

1 To be compared against a group of listed housebuilders comprising Barratt Developments, Bellway, Berkeley, Crest Nicholson, Persimmon, Redrow, Taylor Wimpey and Vistry Group.

2 Straight-line vesting between threshold and maximum performance.

The Committee has discretion to amend the vesting outcome where it considers that it is not a fair reflection of business performance. In particular, the Committee will consider whether there have been any "windfall gains" when determining the vesting outcome, taking into account a number of factors, including:

- share price performance over the performance period on an absolute basis and relative basis against peer companies;
- underlying financial performance of the Group during the performance period; and
- the impact of any significant events during the performance period on the Group's share price or market as a whole.

Non-Executive Directors

Set out below is a summary of the key elements of the Remuneration Policy for Non-Executive Directors, together with how the Policy is intended to be implemented for the year ending 30 June 2024.

	Key features	Implementation for year ending 30 June 2024
Fees and benefits	Fees may include a basic fee and additional fees for further responsibilities (e.g. chairing Board Committees or acting as Senior Independent Director). Non-Executive Directors may be eligible to receive benefits linked to the performance of their duties, including, but not limited to, the use of secretarial support and travel costs.	The Chairman's fee will remain at £150,000 for the year ending 30 June 2024. This is inclusive of a £10,500 fee for chairing the Nominations Committee. The basic fee for the Non-Executive Directors increased by 3% with effect from 1 July 2023. There was no increase to the additional fees for chairing Board Committees and the Senior Independent Director. The Non-Executive Director fees effective from 1 July 2023 are therefore as follows: • Basic fee: £52,015 • Additional fee for Chairing a Board Committee: £10,500 • Additional fee for the Senior Independent Director: £10,000

Annual Report on Remuneration

The Remuneration Committee's Annual Report on Remuneration for the year ended 30 June 2023 is set out below.

The auditors are required to report on the following information, up to, and including, the table on Directors' interest in shares on page 140.

Single total figure of remuneration for each Director for the years ended 30 June 2023 and 30 June 2022

	2023								2022							
	Fixed pay				Variable pay				Fixed pay				Variable pay			
	Salary & fees £000	Benefits £000	Pension £000	Subtotal £000	Annual bonus £000	Value of LTIP awards £000	Subtotal £000	Total £000	Salary & fees £000	Benefits £000	Pension £000	Subtotal £000	Annual bonus £000	Value of LTIP awards £000	Subtotal £000	Total £000
Chairman																
James Thomson[1]	**75**	**–**	**–**	**75**	**–**	**–**	**–**	**75**	–	–	–	–	–	–	–	–
Dermot Gleeson[2]	**64**	**1**	**–**	**65**	**–**	**–**	**–**	**65**	128	1	–	129	–	–	–	129
Executive Directors																
Graham Prothero[3]	**270**	**32**	**18**	**320**	**102**	**–**	**102**	**422**	–	–	–	–	–	–	–	–
Stefan Allanson	**336**	**19**	**22**	**377**	**15**	**–**	**15**	**392**	323	18	29	370	348	97	445	815
James Thomson[1]	**257**	**14**	**17**	**288**	**15**	**–**	**15**	**303**	513	23	33	569	570	153	723	1,292
Non-Executive Directors																
Elaine Bailey	**69**	**–**	**–**	**69**	**–**	**–**	**–**	**69**	62	–	–	62	–	–	–	62
Nicola Bruce[4]	**17**	**–**	**–**	**17**	**–**	**–**	**–**	**17**	–	–	–	–	–	–	–	–
Andrew Coppell[5]	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	42	–	–	42	–	–	–	42
Fiona Goldsmith	**71**	**–**	**–**	**71**	**–**	**–**	**–**	**71**	59	–	–	59	–	–	–	59
Christopher Mills	**50**	**–**	**–**	**50**	**–**	**–**	**–**	**50**	49	–	–	49	–	–	–	49
Total	**1,209**	**66**	**57**	**1,332**	**132**	**–**	**132**	**1,464**	1,176	42	62	1,280	918	250	1,168	2,448

1 James Thomson stepped down as Chief Executive Officer on 31 December 2022 and was appointed as Non-Executive Chairman on 1 January 2023.

2 Dermot Gleeson stepped down as Non-Executive Chairman on 31 December 2022.

3 Graham Prothero was appointed as Chief Executive Officer on 1 January 2023.

4 Nicola Bruce was appointed to the Board on 24 March 2023.

5 Andrew Coppell resigned from the Board on 16 March 2022.

Notes to the single total figure of remuneration

Salary and fees

Details of annual salaries for Executive Directors for the years ended 30 June 2023 and 30 June 2022 are set out below.

	Salary from 1 January 2023 £	Salary from 1 July 2022 £	Salary from 1 July 2021 £
Graham Prothero[1]	**540,000**	–	–
Stefan Allanson	**335,790**	335,790	322,875
James Thomson	**–**	512,500	512,500

1 Graham Prothero was appointed as Chief Executive Officer on a salary of £540,000. As disclosed in last year's Directors' Remuneration Report, this is positioned within the market competitive range compared to FTSE SmallCap companies and competitively positioned against housebuilder peers.

Details of fees for Non-Executive Directors for the years ended 30 June 2023 and 30 June 2022 are set out below.

	Fees from 1 January 2023 £	Fees from 1 July 2022 £	Fees from 1 July 2021 £
Chairman[1]	**150,000[2]**	128,000	128,000
Non-Executive Director fee	**50,500**	50,500	48,500
Fee for chairing a Committee	**10,500**	10,500	10,500
Fee for Senior Independent Director	**10,000**	10,000	–

1 James Thomson was appointed as Non-Executive Chairman on a fee of £150,000. This is positioned between the lower quartile and median compared to the FTSE SmallCap.

2 Includes a fee of £10,500 for chairing the Nomination Committee.

Taxable benefits provided to Executive Directors

The main benefits available to the Executive Directors during the year ended 30 June 2023 (and their associated values) were: car allowance of £6,500 for Graham Prothero, £13,000 for Stefan Allanson and £6,500 for James Thomson; car fuel of £300 for Graham Prothero, £4,000 for Stefan Allanson and £6,000 for James Thomson; private medical insurance of £200 for Graham Prothero, £1,000 for Stefan Allanson and £1,000 for James Thomson; and matching shares granted under the HMRC tax-qualifying all-employee scheme of £50 for Graham Prothero, £600 for Stefan Allanson and £350 for James Thomson. As disclosed in last year's Directors' Remuneration Report, Graham Prothero was paid a one-off relocation allowance of £25,000 on his appointment as Chief Executive Officer.

Pension

During the year ended 30 June 2023, the Executive Directors received cash in lieu of pension contributions of 6.5% of salary. This is aligned to the level available to the majority of the wider workforce.

Determination of annual bonus

As disclosed in last year's Directors' Remuneration Report, Graham Prothero was awarded a maximum bonus opportunity of 150% of salary, prorated to reflect the period of his service as Chief Executive Officer during the year. His bonus was based on Group profit before tax (as regards 60% of the potential award) and strategic performance (as regards 40% of the potential award). The Committee attributed a higher weighting to Graham Prothero's strategic performance, as compared to the other Executive Directors (see below), in order to appropriately incentivise and reward him for delivering key strategic imperatives in his first six months of appointment, most notably, restructuring and standardising the operations of Gleeson Homes.

Stefan Allanson and James Thomson (during his time as Chief Executive Officer) were each awarded a maximum bonus opportunity of 125% of salary, with James Thomson's opportunity prorated to reflect the period of his service as Chief Executive Officer during the year. Their bonuses were based on Group profit before tax (as regards 80% of the potential award) and strategic performance (as regards 20% of the potential award).

Profit performance

The Group achieved profit before tax (pre-exceptional items) of £31.5m for the year ended 30 June 2023. Although in line with market expectations, this was below the threshold target and the profit-related element of the bonus award lapsed in full.

Target	Profit measure £m	Bonus achievable as percentage of maximum[1]
Threshold	57.26	20%
Target	60.27	50%
Maximum	63.29	100%

1 Straight-line vesting between points.

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Strategic performance

Performance against strategic objectives for the year ended 30 June 2023 is detailed below.

Graham Prothero

Objective	Performance	Weighting	Outcome
Gleeson Homes restructure Restructuring and standardising the operations of Gleeson Homes to deliver material cost savings and ensure that the Group is well positioned for future growth opportunities as the market recovers.	Successfully concluded the restructuring of Gleeson Homes from nine regional management teams to six and moved to a standardised operating structure. The process resulted in annualised administrative overhead cost savings of £3.2m at a one-off cost of £1.0m.	16%	16.00%
Customer experience To achieve scores of at least 80% across each of the five elements of customer surveys received during 2023.	Achieved over 80% in two of the five elements of customer surveys received.	8%	3.20%
Sustainability Achieve the 2023 sustainability targets published in the 2022 Annual Report: • Health and safety incident rate to be lower than that of the industry average during 2023. • Employee engagement will be maintained in the upper quartile of companies surveyed during 2023. • Gleeson Homes to maintain a 5-star rating with a 90% or above customer recommendation score throughout 2023. • Carbon emissions will reduce to 1.75 tonnes of CO_2e per home sold during 2023.	Employee engagement was maintained in the upper quartile of companies surveyed. The other 2023 sustainability targets were not achieved.	8%	2.00%
Strengthening the Group's carry forward position Target range for forecast profit on Gleeson Land sites having a resolution to grant or consent at 30 June 2023.	Achieved 48% of target.	8%	3.88%
		40%	25.08%

Stefan Allanson

Objective	Performance	Weighting	Outcome
Site openings Target range of 20 to 23 build sites legally purchased by 30 June 2023.	Five build sites were legally purchased during the year.	5%	0%
Phasing of completions To be delivered in line with budget.	Target not met.	5%	0%
Sustainability Achieve the 2023 sustainability targets published in the 2022 Annual Report: • Health and safety incident rate to be lower than that of the industry average during 2023. • Employee engagement will be maintained in the upper quartile of companies surveyed during 2023. • Gleeson Homes to maintain a 5-star rating with a 90% or above customer recommendation score throughout 2023. • Carbon emissions will reduce to 1.75 tonnes of CO_2e per home sold during 2023.	Employee engagement was maintained in the upper quartile of companies surveyed. The other 2023 sustainability targets were not achieved.	5%	1.25%
Strengthening the Group's carry forward position Target range for forecast profit on Gleeson Land sites having a resolution to grant or consent at 30 June 2023.	Achieved 48% of target.	5%	2.42%
		20%	3.67%

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James Thomson

Objective	Performance	Weighting	Outcome
Customer experience To achieve scores of at least 80% in each of the five elements of customer surveys received during 2023.	Achieved over 80% in two of the five elements of customer surveys received.	4%	1.60%
Site openings Target range of 20 to 23 build sites legally purchased by 30 June 2023.	Five build sites were legally purchased during the year.	4%	0%
Phasing of completions To be delivered in line with budget.	Target not met.	4%	0%
Sustainability Achieve the 2023 sustainability targets published in the 2022 Annual Report: • Health and safety incident rate to be lower than that of the industry average during 2023. • Employee engagement will be maintained in the upper quartile of companies surveyed during 2023. • Gleeson Homes to maintain a 5-star rating with a 90% or above customer recommendation score throughout 2023. • Carbon emissions will reduce to 1.75 tonnes of CO_2e per home sold during 2023.	Employee engagement was maintained in the upper quartile of companies surveyed. The other 2023 sustainability targets were not achieved.	4%	1.00%
Strengthening the Group's carry forward position Target range for forecast profit on Gleeson Land sites having a resolution to grant or consent at 30 June 2023.	Achieved 48% of target.	4%	1.94%
		20%	4.54%

The Committee considered these bonus outcomes alongside broader perspectives, including underlying business performance and the experience of customers, employees and other stakeholders. The Committee noted that the Group has delivered on key strategic priorities during the year, including the successful restructure of Gleeson Homes. After careful reflection, the Committee considered the bonus outcomes to be appropriate and no discretion was applied.

Bonus outcome

The total bonus outcome for each Executive Director is therefore:

	Bonus payable	
	% maximum	£000
Graham Prothero	25.08%	102
Stefan Allanson	3.67%	15
James Thomson	4.54%	15

In accordance with the Remuneration Policy, one-third of the bonus payable is deferred into shares for two years.

2020 LTIP

The 2020 LTIP awards were subject to performance targets based on EPS (as regards 50% of the award) and relative TSR (as regards 50% of the award).

Details of the performance targets and performance outcome are set out in the table below.

	Three-year performance period ended 30 June 2023		
	EPS for the year ended 30 June 2023	Relative TSR[1]	Total
Threshold – 20% vesting	70.0 pence	Median	20%
Maximum – 100% vesting	82.5 pence	Upper quartile	100%
Actual performance	42.9 pence	Below median	
Outcome	0% vesting	0% vesting	
Total vesting outcome			0% vesting

1 Compared against a group of listed housebuilders comprising Barratt Developments, Bellway, Berkeley, Crest Nicholson, Galliford Try, Persimmon, Redrow, Taylor Wimpey and Vistry Group.

The Group has responded well to the volatile and challenging macroeconomic environment and this is testament to the quality of our Executive Directors and wider management team. However, the Committee recognises that shareholders have been impacted by the Group's share price performance over the last year and determined that it was not appropriate to apply discretion to adjust the formulaic vesting outcome for the Executive Directors' 2020 LTIP awards.

LTIP awards granted in the year ended 30 June 2023

An LTIP award equal to 150% of salary was granted to Stefan Allanson on 20 October 2022.

An LTIP award equal to 250% of salary was granted to Graham Prothero on 22 February 2023. As disclosed in last year's Directors' Remuneration Report, this is a one-off exceptional award level, which the Committee considered to be appropriate in the context of recruiting Graham Prothero and to ensure that he is appropriately incentivised over the longer term. The award opportunity was determined based on the exceptional LTIP limit included within the Remuneration Policy (200% of salary), which may be used to recruit an Executive Director, with an additional 50% of salary to buy out LTIP awards that were forfeited by Graham Prothero on leaving his previous employer. The 50% of salary serving as a performance-based buy-out award has a significantly lower face value and longer term time horizons compared to the awards forfeited.

No LTIP award was granted to James Thomson in the year ended 30 June 2023.

The awards are based on the achievement of EPS performance (as regards 50% of the awards) and relative TSR performance (as regards 50% of the awards) measured over a period of three financial years ending 30 June 2025.

Following the end of the performance period, the Committee will determine whether the performance targets have been satisfied. Eligible awards will vest following a two-year holding period after the end of the performance period.

The Committee has discretion to amend the vesting outcome where it considers that it is not a fair reflection of business performance. In particular, the Committee will consider whether there have been any "windfall gains" when determining the vesting outcome taking into account a number of factors, including:

- share price performance over the performance period on an absolute basis and relative basis against peer companies;
- underlying financial performance of the Group during the performance period; and
- the impact of any significant events during the performance period on the Group's share price or market as a whole.

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Details of the awards are as follows:

Director	Number of shares granted	Face value at grant £000
Graham Prothero	296,053	1,350[1]
Stefan Allanson	127,839	504[2]

1 Calculated based on the mid-market closing share price as at the date preceding the date of grant (21 February 2023: £4.56).

2 Calculated based on the mid-market closing share price as at the date preceding the date of grant (19 October 2022: £3.94).

	Threshold (20%) of award vests	Maximum (100%) of award vests[2]
EPS for the year ending 30 June 2025	90p	103p
Relative TSR[1]	Median	Upper quartile

1 To be compared against a group of listed housebuilders comprising Barratt Developments, Bellway, Berkeley, Crest Nicholson, Persimmon, Redrow, Taylor Wimpey and Vistry Group.

2 Straight-line vesting between threshold and maximum performance.

Payment made to former Directors and payments for loss of office

No payments were made to former Directors and no payments for loss of office were made during the year ended 30 June 2023.

Directors' shareholdings and share interests

Shareholding guideline

The Group operates within-employment and post-employment shareholding guidelines for the Executive Directors. The within-employment shareholding guideline requires Executive Directors to build up and retain a holding in shares equivalent to 200% of salary. As at 30 June 2023, Graham Prothero and Stefan Allanson held shares equivalent to 24.7% of salary and 187.9% of salary respectively (calculated using the mid-market closing share price on 30 June 2023, £3.74). The Executive Directors will continue to build up their shareholdings through shares acquired under vested deferred bonus awards and LTIP awards and through the purchase of shares.

Share interests

The interests of the Directors serving during the year, and of their connected persons in the ordinary share capital of the Company as at 30 June 2023 (or the date that they stepped down from the Board if earlier), are as shown below:

Director	Scheme	Owned outright	Unvested and subject to performance	Unvested and not subject to performance	Vested and exercised	**Total as at 30 June 2023**
Chairman						
James Thomson[1]	Shares	41,534	–	–	–	**41,534**
	LTIP 2019[3]	–	–	25,733	–	**25,733**
	LTIP 2020[4]	–	121,753	–	–	**121,753**
	LTIP 2021	–	94,441	–	–	**94,441**
	Deferred bonus share award 2021	–	–	24,094	–	**24,094**
	Deferred bonus share award 2022	–	–	35,195	–	**35,195**
Dermot Gleeson[5]	Shares	1,088,493	–	–	–	**1,088,493**
Executive Directors						
Graham Prothero[6]	Shares	35,684	–	11[2]	–	**35,695**
	LTIP 2022	–	296,053	–	–	**296,053**
Stefan Allanson	Shares	148,196	–	302[2]	–	**148,498**
	LTIP 2019[3]	–	–	16,211	–	**16,211**
	LTIP 2020[4]	–	76,704	–	–	**76,704**
	LTIP 2021	–	59,498	–	–	**59,498**
	LTIP 2022	–	127,839	–	–	**127,839**
	Deferred bonus share award 2021	–	–	14,796	–	**14,796**

Director	Scheme	Owned outright	Unvested and subject to performance	Unvested and not subject to performance	Vested and exercised	**Total as at 30 June 2023**
	Deferred bonus share award 2022	–	–	21,488	–	**21,488**
Non-Executive Directors						
Elaine Bailey	Shares	–	–	–	–	**–**
Nicola Bruce[7]	Shares	–	–	–	–	**–**
Fiona Goldsmith	Shares	25,000	–	–	–	**25,000**
Christopher Mills[8]	Shares	6,555,000	–	–	–	**6,555,000**

1 James Thomson stepped down as Chief Executive Officer on 31 December 2022 and was appointed as Non-Executive Chairman on 1 January 2023. His LTIP awards will continue to vest in accordance with their normal vesting timetable, subject to the achievement of the relevant performance metrics, and will be prorated for time served as Chief Executive Officer during the relevant vesting periods.

2 Matching shares granted under the HMRC tax-qualifying all-employee scheme that have not yet vested.

3 In July 2022, the Committee approved that 27.4% of the 2019 LTIP awards will vest following Committee assessment of the outcome of the performance targets. The 2019 LTIP awards will ordinarily vest and become capable of exercise following the end of the two year holding period in September 2024.

4 The 2020 LTIP awards have lapsed in full following the Committee's assessment of the outcome of the performance targets.

5 Dermot Gleeson stepped down as Non-Executive Chairman on 31 December 2022.

6 Graham Prothero was appointed as Chief Executive Officer on 1 January 2023.

7 Nicola Bruce was appointed to the Board on 24 March 2023.

8 Shares are held by funds managed by Harwood Capital LLP of which Christopher Mills is a Member/Director.

As at 31 August 2023 the total interests held by James Thomson were 41,534 shares, Graham Prothero were 35,785 shares, Stefan Allanson were 148,546 shares, Christopher Mills were 6,555,000 shares and Fiona Goldsmith were 25,000 shares. The Company has not been advised of any other changes to the interests of Directors and their connected persons to those set out in the table above.

LTIP awards

Additional details of the outstanding LTIP awards held by Executive Directors serving during the year are set out below.

Executive Director	Scheme	30 June 2022	Granted during year	Vested and exercised during year	Lapsed during year	Share price at grant date	**Total interests outstanding at 30 June 2023**	End of performance period
Graham Prothero	LTIP 2022	–	296,053	–	–	£4.56	**296,053**	30/06/25
Stefan Allanson	LTIP 2019[1]	59,063	–	–	42,852	£8.00	**16,211**	30/06/22
	LTIP 2020[2]	76,704	–	–	–	£6.16	**76,704**	30/06/23
	LTIP 2021	59,498	–	–	–	£8.14	**59,498**	30/06/24
	LTIP 2022	–	127,839	–	–	£3.94	**127,839**	30/06/25
James Thomson[3]	LTIP 2019[1]	93,750	–	–	68,017	£8.00	**25,733**	30/06/22
	LTIP 2020[2]	121,753	–	–	–	£6.16	**121,753**	30/06/23
	LTIP 2021	94,441	–	–	–	£8.14	**94,441**	30/06/24

1 In July 2022, the Committee approved that 27.4% of the 2019 LTIP awards will vest following Committee assessment of the outcome of the performance targets. The 2019 LTIP awards will ordinarily vest and become capable of exercise following the end of the two-year holding period in September 2024.

2 The 2020 LTIP awards have lapsed in full following the Committee's assessment of the outcome of the performance targets.

3 James Thomson's LTIP awards will continue to vest in accordance with their normal vesting timetable, subject to the achievement of the relevant performance metrics, and will be prorated for time served as Chief Executive Officer during the relevant vesting periods.

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TSR performance

We have compared the Company's TSR performance over the last ten years with the TSR for the FTSE SmallCap Index, of which the Company is a member, and a comparator index of listed housebuilders. The peer group consists of a group of listed housebuilders comprising Barratt Developments, Bellway, Berkeley, Crest Nicholson, Persimmon, Redrow, Taylor Wimpey and Vistry Group.

MJ Gleeson plc TSR comparison to index and peer group 1 July 2013 to 30 June 2023:

Chief Executive Officer's remuneration 2014 to 2023

Year	Chief Executive Officer	Single figure of total remuneration £000	Annual bonus paid against maximum opportunity	LTIP awards vesting against maximum opportunity
2023	Graham Prothero (appointed 1 January 2023)	422	25.1%	n/a
2023	James Thomson (stepped down 31 December 2022)	303	3.7%	–
2022	James Thomson	1,292	89%	27%
2021	James Thomson	1,173	99%	n/a
2020	James Thomson	769	45%	n/a
2019	James Thomson (appointed 10 June 2019)	31	–	n/a
2019	Jolyon Harrison (stepped down 10 June 2019)	2,482	–	100%
2018	Jolyon Harrison	3,056	100%	100%
2017	Jolyon Harrison	2,816	100%	100%
2016	Jolyon Harrison	873	100%	n/a
2015	Jolyon Harrison	2,917	100%	100%
2014	Jolyon Harrison	793	100%	n/a

Annual percentage change in remuneration of Directors and employees

The table below sets out the annual percentage change in each of the Directors' remuneration compared to the average employee remuneration.

	2022 to 2023			2021 to 2022			2020 to 2021			2019 to 2020		
	Salary & fees[1]	**Benefits**	**Bonus**	Salary & fees[1]	Benefits	Bonus	Salary & fees[1]	Benefits	Bonus	Salary & fees[1]	Benefits	Bonus
Chairman												
James Thomson[2]	**n/a**	**–**	**–**	–	–	–	–	–	–	–	–	–
Dermot Gleeson[3]	**n/a**	**–**	**–**	2.4%	–	–	7.6%	(9.1%)	–	(7.1%)	–	–
Executive Directors												
Graham Prothero[4]	**n/a**	**n/a**	**n/a**	–	–	–	–	–	–	–	–	–
Stefan Allanson[5]	**4%**	**5.6%**	**(95.7%)**	2.5%	5.9%	(8.4%)	7.6%	(4.9%)	n/a	(7.1%)	1.7%	–
James Thomson[2]	**n/a**	**n/a**	**n/a**	2.5%	9.5%	(7.9%)	9.1%	(11.5%)	142.6%	n/a	n/a	n/a
Non-Executive Directors												
Elaine Bailey[6]	**11.0%**	**–**	**–**	n/a	–	–	n/a	–	–	–	–	–
Nicola Bruce[7]	**n/a**	**–**	**–**	–	–	–	–	–	–	–	–	–
Fiona Goldsmith[8]	**20.3%**	**–**	**–**	2.2%	–	–	n/a	–	–	n/a	–	–
Christopher Mills	**4.1%**	**–**	**–**	2.6%	–	–	7.6%	–	–	(7.1%)	–	–
Average employee[9]	**5.1%**	**15.5%**	**(53.7%)**	4.1%	12.2%	0.2%	2.2%	9.3%	49.9%	4.4%	8.2%	(8.1%)

1 The Board agreed to a 30% reduction in salary and fees for the period 6 April 2020 to 30 June 2020 in response to the Covid-19 pandemic. As such, the table above shows a reduction in salaries and fees between years ended 30 June 2019 and 30 June 2020, and an increase in salaries and fees between years ended 30 June 2020 and 30 June 2021. With the exception of James Thomson, there were no increases to salaries or fees during the years ended 30 June 2020 and 30 June 2021.

2 James Thomson was appointed as Chief Executive Officer on 10 June 2019. He then stepped down as Chief Executive Officer on 31 December 2022 and was appointed as Non-Executive Chairman on 1 January 2023. Therefore, the percentage change in remuneration for 2019 to 2020 and 2022 to 2023 is not applicable.

3 Dermot Gleeson stepped down as Non-Executive Chairman on 31 December 2022 and therefore the percentage change in remuneration for 2022 to 2023 is not applicable.

4 Graham Prothero was appointed as Chief Executive Officer on 1 January 2023 and therefore the percentage change in remuneration for 2022 to 2023 is not applicable.

5 Stefan Allanson did not receive a bonus in respect of the year ended 30 June 2020.

6 Elaine Bailey was appointed to the Board on 1 March 2021 and therefore the percentage change in remuneration for 2020 to 2021 and 2021 to 2022 is not applicable. The increase in 2023 was in respect of additional committee chair responsibilities.

7 Nicola Bruce was appointed to the Board on 24 March 2023 and therefore the percentage change in remuneration for 2022 to 2023 is not applicable.

8 Fiona Goldsmith was appointed to the Board on 1 October 2019 and therefore the annual percentage change in remuneration for 2019 to 2020 and 2020 to 2021 is not applicable. The increase in 2023 was in respect of additional responsibilities as Senior Independent Director.

9 The annual percentage change of the average remuneration of the Group's salaried employees, calculated on a full-time equivalent basis.

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Chief Executive Officer pay ratio

The table below sets out the Chief Executive Officer's total remuneration as a ratio against the full-time equivalent remuneration of the 25th, 50th (median) and 75th percentile employees.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2023	Option B	28:1	14:1	11:1
2022	Option B	44:1	37:1	20:1
2021	Option B	64:1	40:1	17:1
2020	Option B	28:1	20:1	12:1

Option B methodology was selected on the basis that it is an efficient and robust approach. The remuneration figures for the employee at each quartile were determined as at the final day of the relevant financial year. Sensitivity analysis has been performed around the 25th, 50th and 75th percentile employees to ensure that they are reasonably representative, including reviewing the employees either side of the identified individuals to ensure their full year's remuneration is reasonable. No assumptions or estimates were used and no adjustments to pay were made.

A substantial proportion of the Chief Executive Officer's total remuneration is performance related and delivered in shares. The ratios will therefore depend significantly on the Chief Executive Officer's annual bonus and LTIP outcomes, and may fluctuate year to year.

The pay ratios have fallen in the year as a result of the reduction in bonus and LTIP awards vesting in respect of 2023 which reduces the overall CEO pay.

The Board believes that the median pay ratio is consistent with the Group's wider policies on employee pay, reward and progression. The Committee has reviewed the remuneration policies and practices for the wider workforce in conjunction with considering how the Remuneration Policy should be implemented. The Committee is satisfied that there is a good level of alignment in relation to pay policies throughout the Group and that the median pay ratio is consistent with the Group's wider policies on employee pay, reward and progression.

Total pay and benefits used to calculate the ratios

The table below shows the employee percentile pay and benefits used to determine the above pay ratios and the salary component for each figure.

£000	Chief Executive Officer[1]	25th percentile	Median	75th percentile
2023				
Total pay and benefits[2]	**725**	**25**	**50**	**65**
Salary component	**527**	**23**	**33**	**50**
2022				
Total pay and benefits[2]	1,292	29	35	65
Salary component	513	25	33	50
2021				
Total pay and benefits[2]	1,173	18	30	68
Salary component	500	18	25	60
2020				
Total pay and benefits[2]	769[3]	28	39	62
Salary component	458[3]	26	35	53

1 The Chief Executive Officer's remuneration is the total single figure remuneration for the relevant financial year as disclosed on page 142. For 2023, this is the aggregate of Graham Prothero's and James Thomson's single figure remuneration.

2 The employee percentile pay and benefits have been calculated based on the amount paid or receivable for the financial year. The calculations are on the same basis as required for the Chief Executive Officer's remuneration for total single figure purposes.

3 The Board agreed to a 30% reduction in salary and fees for the period 6 April 2020 to 30 June 2020 in response to the Covid-19 pandemic.

Relative importance of spend on pay

Set out below is the amount spent on remuneration for all employees of the Group (including the Executive Directors) and the total amounts paid in distributions to shareholders over the year.

	2023 £m	2022 £m	Difference in spend £m	Difference as percentage
Remuneration for all employees	**49.5**	47.2	2.3	4.9%
Total distributions paid	**9.9**	9.3	0.6	6.5%

Terms of engagement

The Chief Executive Officer's service agreement is on a rolling basis and requires 12 months' notice of termination on either side. The Chief Financial Officer's service agreement is on a rolling basis and requires six months' notice of termination from the Chief Financial Officer and 12 months' notice of termination from the Company. The dates of the Executive Directors' service agreements are as follows:

	Date of service agreement
Graham Prothero	27 April 2022
Stefan Allanson	29 June 2015

All Non-Executive Directors are engaged for an initial period of three years, which, thereafter, may be extended on an annual basis, subject to re-election at each AGM. The appointment of the Chairman may be terminated by either side on three months' notice and the appointment of the other Non-Executive Directors may be terminated on either side on one month's notice. The dates of each Non-Executive Director's original appointment are as follows:

	Date of original appointment	Expiry of current term[1]
James Thomson	1 January 2023	31 December 2025
Nicola Bruce	24 March 2023	23 March 2026
Elaine Bailey	1 March 2021	29 February 2024
Fiona Goldsmith	1 October 2019	30 September 2023
Christopher Mills	1 January 2009	30 September 2023

1 Subject to re-election at the 2023 AGM.

The Remuneration Committee

The Committee was chaired by Elaine Bailey on an interim basis from 1 July 2022 to 23 March 2023. Nicola Bruce was appointed as Chair of the Committee from 24 March 2023. Elaine Bailey remains a Committee member alongside Fiona Goldsmith.

Each of the Non-Executive Directors are independent and have no day-to-day involvement in running the business. Potential conflicts which arise from cross-directorships are managed by the Company Secretary and the Board.

Biographical details of the Committee members are shown on pages 104 to 105, and details of their attendance at the meetings of the Committee during the year ended 30 June 2023 are shown on page 108.

Role and responsibilities of the Remuneration Committee

The Committee's primary purpose is to make recommendations to the Board on the Group's framework for Executive Directors and senior management remuneration. The Board has also delegated responsibility to the Committee for determining the remuneration, benefits and contractual arrangements of the Chairman and the Executive Directors. No individual is involved in deciding their own remuneration.

The Committee has written terms of reference available on the Company's website, www.mjgleesonplc.com, and its responsibilities include:

- recommending to the Board the policy for Executive Directors and senior management remuneration;
- agreeing the remuneration of the Chairman of the Board;
- agreeing the terms and conditions of employment for Executive Directors, including their annual remuneration and pension arrangements, and reviewing such provisions for senior management;

- agreeing the measures and targets for any performance-related bonus and share schemes;
- ensuring that, on termination, contractual terms and payments made are fair both to the Company and the individual so that failure is not rewarded;
- engaging with shareholders on Executive Directors and senior management remuneration;
- reviewing wider workforce remuneration and related policies; and
- agreeing the terms of reference of any remuneration consultants that it appoints.

Activities during the year

The Committee met on six occasions during the year, three of which were scheduled meetings. Papers were circulated in advance of each meeting for all matters considered. The main activities undertaken by the Committee during the year included:

- approving the fee for James Thomson in connection with his appointment as Non-Executive Chairman;
- approving performance targets for annual bonus and LTIP awards for the Executive Directors and senior management for the year ended 30 June 2023;
- approving the annual bonus and LTIP outcomes of the Executive Directors and senior management for the year ended 30 June 2023 and assessing the fairness of these outcomes;
- approving salary increases for the Executive Directors and senior management effective from 1 July 2023;
- reviewing potential performance metrics and targets for annual bonus and LTIP awards for the Executive Directors and senior management to be granted in respect of the year ending 30 June 2024; and
- reviewing proposals for staff pay and bonuses.

How the Committee addressed the factors in Provision 40 of the 2018 UK Corporate Governance Code when determining the Policy

Our Directors' Remuneration Policy is designed to support an effective pay-for-performance culture, which enables the Company to attract, retain and motivate Executive Directors who have the necessary experience and expertise to deliver the Group's objectives and strategy. The Policy has been determined based on the following principles, taking into account Provision 40 of the 2018 UK Corporate Governance Code.

Clarity and simplicity	Ensure that the remuneration packages are simple and transparent, and take into account remuneration and related policies for the wider workforce. Performance targets are set in line with Group budgets and plans and are reviewed and tested by the Committee.
Risk	To promote long-term sustainable performance through sufficiently stretching performance targets, whilst ensuring that the incentive framework does not encourage Executive Directors to take inappropriate business risks (including environmental, financial, social, health, safety and governance risks).
Predictability	Detailed information on the potential values that may be earned through the remuneration arrangements are set out in the Directors' Remuneration Policy available on the Company's website, www.mjgleesonplc.com
Proportionality	To ensure that that total remuneration delivered is fair and reflects the Group and individual performance, the Committee has the discretion to override formulaic outturns where it believes the outcome is not truly reflective of underlying performance during the performance period and to ensure fairness to both shareholders and participants.
Alignment to culture	When determining the Policy, the Committee is clear about making decisions to drive the appropriate behaviours and ensure alignment with the Group's culture and long-term strategy.

Remuneration Committee – support and advice

The Committee is supported by the Group Human Resources Director and the Head of Legal and Company Secretary.

The Company took advice from Deloitte LLP, who were appointed by the Committee in July 2019 following a tender process. Deloitte LLP is a founder member of the Remuneration Consultants Group and, as such, voluntarily operates under its Code of Conduct in relation to Executive remuneration in the UK. The Committee is satisfied that the appointment of Deloitte LLP is in accordance with the Company's policy on the provision of non-audit services to the Group and that the external advice received is objective and independent. The fees paid to Deloitte LLP for their services to the Committee during the year, based on time and expenses, amounted to £36,400. Deloitte LLP also provided advice to the Company during the year in relation to share plans.

The Company also took advice from its legal advisers, Skadden, Arps, Slate, Meagher & Flom LLP ("Skadden"), under its annual retainer. Skadden were appointed in November 2020. The Committee is satisfied that the advice received from Skadden is objective and independent.

Statement of voting at the Annual General Meeting and shareholder engagement

The following table sets out actual voting in respect of the resolutions to approve the Remuneration Policy and Annual Report on Remuneration at the Company's AGM.

	Votes in favour		Votes against			
	No.	%	No.	%	Total votes cast	Votes withheld
2022 AGM: Approval of the Annual Report on Remuneration	43,325,716	99.25	327,699	0.75	43,653,415	2,035
2022 AGM: Approval of the Directors' Remuneration Policy	42,575,196	97.53	1,079,604	2.47	43,654,800	650
2022 AGM: Approval of amendments to the rules of the Annual and Deferred Bonus Plan	42,590,474	97.57	1,061,946	2.43	43,652,420	3,030

The Committee consults with major shareholders and their representative bodies on remuneration matters, particularly if any material changes are proposed to the Directors' Remuneration Policy.

Approved by the Board and signed on its behalf by:

Nicola Bruce

Chair of the Remuneration Committee

13 September 2023

Directors' Report

Statutory, regulatory and other information

This section contains the remaining matters on which the Directors are required to report each year that do not appear elsewhere in the Annual Report.

Strategic Report

We present a review of the business during the year to 30 June 2023 and of the position of the Group at the end of the financial year together with a description of the principal risks and uncertainties faced by the Group in the Strategic Report on pages 1 to 97.

Business review

The review of the development and performance of the business during the year, any significant events up to the date of this Report, and the future outlook of the Group are set out in the Chairman's Statement on pages 8 to 9, the Chief Executive's Statement on pages 22 to 27 and the Business Reviews on pages 28 to 31.

The Group's sustainable business strategy is set out in the Strategic Report on pages 16 to 17. The key performance indicators are set out in the Strategic Report on pages 18 to 19.

The Group's policy in respect of financial risk management and financial instruments, details of credit risk, capital risk management, liquidity risk and interest rate risk are given in note 15 to the financial statements.

Dividends

The Company may, by ordinary resolution, declare a dividend to be paid to shareholders, but no dividend shall exceed the amount recommended by the Board. The Board may also agree to pay interim dividends when the financial position of the Company, in the opinion of the Board, justifies it.

During the year the Company paid a final dividend of 12.0p (approved by shareholders at the Annual General Meeting on 18 November 2022) for financial year ended 2022 and an interim dividend in respect of financial year ended 2023 to shareholders of 5.0p per share.

The Board proposes to pay, subject to shareholder approval at the 2023 AGM, a final dividend of 9.0p per share on 24 November 2023, to shareholders on the register at the close of business on 27 October 2023. The total dividend for the year to 30 June 2023 will be 14.0p.

Dividend policy

The current year dividend represents a dividend cover of 3.06 times. The Board intends to maintain an earnings to dividend cover ratio of between three and five times.

Qualifying third-party indemnity

Directors risk personal liability under civil and criminal law for many aspects of the Company's main business decisions. As a consequence, the Directors could face a range of penalties including fines and/or imprisonment. In keeping with normal market practice, the Company believes that it is prudent, and in the best interests of the Company, to protect the individuals concerned from the consequences of innocent error or omission.

The Company obtains Directors' and Officers' liability insurance in order to indemnify Directors and other senior officers of the Company and its subsidiaries. This insurance policy does not provide cover where the Director or officer has acted fraudulently or dishonestly.

In addition, subject to the provisions of and to the extent permitted by relevant statutes, under the Articles, the Directors and other officers were indemnified out of the assets of the Company against liabilities incurred by them in the course of carrying out their duties or the exercise of their powers. A deed of indemnity was approved by the Board in November 2020. These qualifying indemnity provisions were in place throughout the year and up to the date of approval of these financial statements,

Substantial shareholdings

At 31 August 2023, the shareholdings noted below, representing 3% or more of the issued share capital, had been notified to the Company.

Name of shareholder	Number of shares	Proportion of total
Funds managed by Harwood Capital LLP	6,555,000	11.2%
Black Rock	4,556,451	7.8%
Schroder Investment Management	3,890,628	6.7%
Sanford DeLand Asset Management	2,896,165	5.0%
Aberforth Partners	2,415,028	4.1%
Amati Global Investors	2,269,140	3.9%
Highclere International Investors	1,808,936	3.1%

Governance statement

The Disclosure Guidance and Transparency Rules require certain information to be included in a governance statement in the Directors' Report. Information that fulfils these requirements, including how the Group has complied with the UK Corporate Governance Code and our internal control and risk management systems, can be found in the Corporate Governance section on pages 106 to 111.

Political donations

The Company made no political donations in the year or in the previous year.

Directors and Directors' interests

The Directors of the Company, as of the date of this Report, and during the year, and their biographical details are shown on pages 104 to 105.

Details of any related party transactions with Directors of the Company are shown in note 27 to the financial statements.

The beneficial interests of the Directors and their connected persons in the shares of the Company at 30 June 2023 are disclosed in the Annual Report on Remuneration on pages 140 to 141. Details of the interests of the Executive Directors in share options and awards of shares can be found on page 141 within the same report.

Environmental policies and disclosures

The Group is committed to reporting in line with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") as set out on pages 76 to 85 and the Sustainability Accounting Standards Board ("SASB") on pages 86 to 91. As such, the Directors consider the Group is well positioned to report in line with IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures, which will be effective for the Group from 1 July 2024.

Employment policies

We are committed to ensuring that all employees, potential recruits and other stakeholders are treated fairly and equitably. The principles of equality and diversity are important to us and advancement is based upon individual skills and aptitude irrespective of race, gender identity, sexual orientation, disability, age, religion or beliefs or any other protected characteristics.

Our policy for selection and promotion is based on an assessment of an individual's ability and experiences; we consider all applicants on their merits and have processes and procedures in place to ensure that individuals with disabilities are given fair consideration.

Every effort is made to retain and support employees who become disabled whilst in the employment of the Group.

We are committed to developing our employees so they can maximise their career potential, and our aim is to provide rewarding career opportunities in an environment in which equality of opportunity is paramount. We seek to improve employee retention by providing benefits that employees value, including a Group stakeholder pension (including life assurance arrangements), private medical insurance and income replacement arrangements.

Employee share scheme

Employee share ownership continues to be encouraged through participation in the Group Share Purchase Plan (the "SIP") under which the Company contributes one share for every three shares purchased. During the year, management of the SIP was transferred to Equiniti and a new online share portal was launched to enable employees who are shareholders in the SIP to access their shareholding quickly and efficiently.

Employee involvement

Our people are at the heart of our business and are involved in decision making across the business in a variety of ways. More details on employee engagement can be found on pages 71 and 75.

Stakeholder engagement

Details regarding our stakeholder engagement, including suppliers, customers, local authorities and shareholders, and the effect on the principal decisions made in the year, can be found on pages 93 and 96.

Directors' Report
CONTINUED

Shareholder additional information

The Company is required to disclose certain additional information where not covered elsewhere in this Annual Report:

Share capital

The Company has one class of share in issue, being ordinary shares with a nominal value of 2 pence each, with no right to fixed income.

At 30 June 2023, the Company had issued share capital of 58,342,360 ordinary shares, with a nominal value of £1.2m. Further details are given in note 23 to the financial statements.

Rights and obligations attaching to shares

Subject to the Companies Act 2006 and other shareholders' rights, any share may be issued with such rights and restrictions as the Company may by ordinary resolution decide or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the Board of the Company may decide. Subject to the Companies Act 2006, the Articles and any resolution of the Company, the Board may deal with any unissued shares as it may decide.

Amendment to the Articles of Association

Any amendments to the Articles may be made in accordance with the provisions of the Companies Act 2006 by way of special resolution.

Voting

Under and subject to the provisions of the Articles and subject to any special rights or restrictions as to voting attached to any shares, on a show of hands, every shareholder present in person at a general meeting of shareholders shall have one vote and on a poll every shareholder who was present in person or by proxy shall have one vote for every share of which they are the holder. Under the Companies Act 2006, shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at a general meeting or class meeting.

Restrictions on voting

A shareholder shall not be entitled to vote at any general meeting or class meeting in respect of any shares held by them unless all calls and other sums presently payable by them in respect of that share have been paid.

Variation of rights

The Articles specify that the special rights attached to any class of shares may, either with the consent in writing of holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of such holders (but not otherwise), be modified or abrogated.

Transfer of shares

Under and subject to the restrictions in the Articles, any shareholder may transfer all or any of their shares in certificated form by transfer, in writing, in any usual form or in any other form which the Board may approve. The Board may, save in certain circumstances, refuse to register any transfer of a certificated share not fully paid up. The Board may also refuse to register any transfer of certificated shares unless it is:

- in respect of only one class of shares;
- in favour of no more than four transferees;
- duly stamped or exempt from stamp duty;
- delivered to the office or at such other place as the Board may decide for registration; and
- accompanied by the certificate for the shares to be transferred and such other evidence (if any) as the Board may reasonably require to show the right of the intending transferor to transfer the shares.

Authority to purchase own shares

At the 2022 AGM, shareholders gave the Company authority to purchase up to the nominal value of ordinary shares of £116,684 of its own ordinary shares, representing approximately 10% of its issued ordinary share capital. No purchases have been made pursuant to this authority and a resolution will be put to shareholders at the 2023 AGM to renew the authority for a further period of one year.

Repurchase of shares

Subject to the provisions of the Companies Act and to any rights conferred on the holders of any class of shares, the Company may purchase all or any of its shares of any class, including any redeemable shares.

Appointment and replacement of Directors

The Directors shall not, unless otherwise determined by an ordinary resolution of the Company, be less than three or more than 15 in number. Directors may be appointed by the Company by ordinary resolution or by the Board.

A Director appointed by the Board shall retire from office at the next AGM of the Company, but shall then be eligible for reappointment. The Board may appoint one or more Directors to hold any office or employment with the Company for such period (subject to the Companies Act requirements) and on such terms as it may decide and may revoke or terminate any such appointment. At each AGM, any Director who has been appointed by the Board since the previous AGM, and any Director selected to retire by rotation, shall retire from office. At each AGM, one-third of the Directors are required to retire by rotation or, if the number is not an integral multiple of three, the number nearest to one-third but not exceeding one-third. In addition, any Director who has been a Director at the preceding two AGMs is required to retire by rotation, provided that they were not appointed or reappointed at either such AGM or ceased to be a Director and been reappointed since either such AGM. Notwithstanding this, the Board has determined that all Directors will be subject to annual re-election by shareholders at each AGM.

The Company may, by ordinary resolution of which special notice has been given in accordance with the Companies Act, remove any Director before their period of office has expired notwithstanding anything in the Articles or in any agreement between that Director and the Company. A Director may also be removed from office by the service of a notice to that effect signed by or on behalf of all the other Directors, being not less than three in number.

Powers of the Directors

The business of the Company shall be managed by the Board, which may exercise all the powers of the Company, subject to the provisions of the Articles and any ordinary resolution of the Company. The Articles specify that the Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertakings, property and assets and uncalled capital and to issue debentures and other securities, subject to the provisions of the Articles.

Takeovers and significant agreements

The Company is party to the following significant agreements that take effect, alter or terminate on a change of control of the Company following a takeover bid:

- the Company's share schemes and plans;
- the Company's payment guarantee bonds except with prior written consent from the bond provider; and
- the Group's revolving credit facility whereby upon a "change of control" all amounts become due and payable.

Information rights

Beneficial owners of shares who have been nominated by the registered holder of those shares to enjoy information rights under Section 146 of the Companies Act 2006 are required to direct all communications to the registered holder of their shares, rather than to the Company's registrars or to the Company directly.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and the Directors have taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

As set out on page 123, the auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution that they be reappointed will be proposed at the next AGM on 16 November 2023.

Annual General Meeting

The Notice of the AGM to be held on 16 November 2023, together with details of the Resolutions to be considered, will be sent out in a separate circular. Full details of the deadlines for exercising voting rights in respect of the resolutions to be considered at the AGM will be set out in the Notice of the AGM.

By order of the Board

Leanne Johnson
Company Secretary

13 September 2023

Statement of Directors' Responsibilities in Respect of the Financial Statements

The Directors are responsible for preparing the Annual Report and Accounts and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and Company financial statements in accordance with UK-adopted international accounting standards.

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Annual Report on Remuneration comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

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

Each of the Directors, whose names and functions are listed in the Governance Report, confirm that, to the best of their knowledge:

- the Group and Company financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities and financial position of the Group and Company, and of the profit of the Group; and
- the Strategic Report 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.

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

By order of the Board

Graham Prothero
Director

13 September 2023

Stefan Allanson
Director

13 September 2023

Tulip Fields, Spalding, Lincolnshire

The Rowans,
Workington, Cumbria

Financial Statements

Independent auditors' report to the members of MJ Gleeson plc

Report on the audit of the financial statements

Opinion

In our opinion, MJ Gleeson plc's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 30 June 2023 and of the group's profit and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts 2023 (the "Annual Report"), which comprise: the Statements of Financial Position as at 30 June 2023; the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Statement of Changes in Equity and the Statements of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- The reporting units where we performed audit work accounted for 100% of the Group's profit before tax and 100% of the Group's total assets.
- Enquiries have been made of management regarding their risk assessment and governance process in place to address climate risk impacts, with no risk of material misstatement identified in this respect.

Key audit matters

- Carrying value of land and work in progress (group)
- Valuation of building safety provisioning (group)
- Carrying value of investments (parent)

Materiality

- Overall group materiality: £1,577,150 (2022: £2,772,000) based on 5% of profit before tax before exceptionals.
- Overall company materiality: £1,498,150 (2022: £1,625,000) based on 1% of total assets.
- Performance materiality: £1,182,750 (2022: £2,079,000) (group) and £1,123,613 (2022: £1,218,750) (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

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

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
• Carrying value of land and work in progress (group) We focused upon this area because the value of the Group's land and work in progress represent a significant proportion of assets in the Group Statement of Financial Position. Determining the recoverable amount of land and work in progress requires a high degree of estimation. For work in progress in Gleeson Homes (the house building division), the key judgements include forecasting future costs to complete and selling prices which can be affected by market conditions and unexpected events. In Gleeson Land (the land promotion division), the valuation of work in progress requires judgement regarding the future viability of each project. Based upon this assessment, it may be necessary to record provisions to determine the final carrying value of work in progress for each site.	For land and work in progress in Gleeson Homes, we: • Assessed the adequacy of controls over allocation of costs to sites, through testing of controls over the allocation of materials and labour costs to the correct sites; • Visited a sample active sites to confirm the existence and condition of the work in progress, and compared this to the total WIP at year end for the relevant sites; • Attended a sample of valuation meetings observing the controls in operation and also key judgments being made; • Tested a sample of land additions in the year; tested a sample of WIP additions in the year to invoice; • Assessed management's ability to accurately forecast revenue, by comparing revenue per the latest valuation sheets, available as at year end, to the actual revenue achieved for that site in the year; • Assessed management's ability to forecast cost of sales and gross margin, investigating any unexpected variances between the forecast and the figure actually achieved; • Considered the monthly margin by site to ensure that there was consistent margin recognition throughout the year, and explanations were obtained for any volatile movement; performed additional margin review over sites completed in the year and those active over both FY22 and FY23; • Agreed margin taken through FY23 to the margin as per the latest valuation sheet; • Performed substantive testing over the costs to complete in the year end valuation for a sample of sites; • Examined a sample of sites which have an unusual gross profit margin (+/- 5% on the average margin for FY23), and obtained explanations for these; • Performed an independent assessment of the cost accrual for additional costs on sites where all homes have been sold;

	• Substantively tested managements provision for abortive site costs; • Tested a sample of journals transferring costs from WIP to Cost of Sales upon plot sale; • Analysed standing stock levels and low margin sites; • Performed detailed testing over specific and general contingencies; and • Assessed changes in build rates against changes in costs associated with site operation timelines. For work in progress in Gleeson Land, we: • Tested a sample of costs incurred during the year; • Tested the transfer from work in progress to cost of sales for all those sites sold during the year; • Discussed and challenged the status of a sample of projects with management and corroborated explanations received, as necessary; • Assessed the group's provisioning methodology; Recalculated the provision made by management against year-end work in progress by applying the Group's provisioning methodology and challenged and corroborated as necessary; • Reviewed the disclosures in the annual accounts in respect of this critical accounting estimate. Based on the procedures performed we did not identify any material adjustments to the carrying value of the Group's land and work in progress at year end.
• Valuation of building safety provisioning (group) In FY22 Gleeson identified 14 buildings over 11 metres which were developed by Gleeson Homes in the past 30 years. Management engaged an external party to perform initial assessments to evaluate the potential remediation work required, which was audited in the prior year. A further 3 in-scope buildings have been identified during FY23 due to a reassessment of the buildings heights. Additional surveys and reports for the existing 14 buildings have also been obtained, providing management with more accurate information to assess the liability.The key assumptions are the potential cost of investigation, the costs of replacement materials and works, the cost of disruption to residents, and the timing of forecast expenditure. Hence, we identified the valuation of building safety provisioning as a significant risk.	We have reviewed the detailed desktop reports prepared by the external surveyors and estimates made by inhouse resource for all buildings assessed the required provision for the 3 extra buildings. For all existing sites, updated reports have been received from management's experts, providing a clearer assessment of the required costs; these reports have been assessed by PwC and the associated costs assessed as reasonable. We have also tested management's manual overlay to the provision, primarily adjustments to the expected tenant and retailer compensation. Based on the procedures performed we did not identify any material adjustments to the provision included in the group accounts. We are also satisfied that the recognition and disclosure of the provision is in line with IAS 37, and the disclosure of the estimates and sensitivities are in line with IAS 1.
• Carrying value of investments (parent) We focused upon this area because of the size of the balance and the judgement required in determining the carrying value. The key judgement is the underlying cash generation and profitability of the Parent Company's subsidiaries which can be affected by market conditions as well as the new Building Safety Act extending the liability period for defective claims from 6 to 30 years.	We obtained management's impairment assessment of the investments in subsidiaries as at 30 June 2023. Where an impairment trigger was identified, we have obtained management's assessment of the recoverable amount of the subsidiary. For subsidiaries that management have deemed to have no impairment triggers, we have reviewed the trading performance and net asset position of the subsidiary to confirm management's assessment as accurate. For subsidiaries where a trigger has been noted, these are all non-trading and management have noted an impairment based on a discounted cash flow model. We have obtained and tested this discounted cash flow assessment, specifically we have tested the key assumptions (discount rate, future expected income/expenses and the timing of these). We also assessed the market capitalisation of the Company as at 30 June 2023, and compared it to the net assets of the Group and Parent Company. Based on this work we are satisfied that the carrying value of the investments held by the company are supported and concur with the impairment recognised.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The Group is organised into two main operating divisions being Gleeson Homes and Gleeson Land, and each operating division represents a single reporting unit. The Group financial statements are a consolidation of these 2 reporting units and the Group's central entities which include a further 3 reporting units. Of the Group's 5 reporting units, we identified 4 which, in our view, required an audit of their complete financial information, either due to their size or their risk characteristics. This, together with additional procedures performed on the Group's remaining centralised functions, gave us the evidence we needed for our opinion on the Group financial statements as a whole. All work was performed by the Group audit team.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the process management adopted to assess the extent of the potential impact of climate risk on the Group's financial statements and support the disclosures made within Task Force on Climate-Related Financial Disclosures.

We also considered the consistency of the disclosures in relation to climate change (including the disclosures in the Task Force on Climate-related Financial Disclosures (TCFD) section) within the Annual Report with the financial statements and our knowledge obtained from our audit

Our climate experts assisted us in challenging the completeness of management's climate risk assessment in particular relating to The Financial Stability Board created the Task Force on Climate-related Financial Disclosures ("TCFD") within the annual report.

Our procedures did not identify any material impact in the context of our audit of the financial statements as a whole for the year ended 30 June 2023.

Management's assessment highlights that the valuation of inventory is impacted most significantly by climate risk, in relation to the latest Building Regulations and potential flood risks. We have assessed this risk into the audit testing of inventory, highlighting no risk of material misstatement within the valuation of inventory.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - group	**Financial statements - company**
Overall materiality	£1,577,150 (2022: £2,772,000).	£1,498,150 (2022: £1,625,000).
How we determined it	5% of profit before tax before exceptionals	1% of total assets
Rationale for benchmark applied	Based on the benchmarks used in the annual report, profit before tax is the primary measure used by the shareholders in assessing the performance of the group, and is a generally accepted auditing benchmark. The exceptional item is trading in nature, however management have noted it not to be representative of the underlying operations of the business, it was deemed appropriate to exclude this from our calculation of materiality.	We believe total assets is the primary measure used by shareholders in assessing the performance of the entity.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £42,090 and £1,498,150. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

Independent auditors' report to the members of MJ Gleeson plc CONTINUED

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to £1,182,750 (2022: £2,079,000) for the group financial statements and £1,123,613 (2022: £1,218,750) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £78,850 (group audit) (2022: £138,600) and £74,908 (company audit) (2022: £81,250) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- We obtained from management their latest assessments that support their conclusions with respect to the going concern basis of preparation of the financial statements, corroborating these to the board approved budgets and confirming the mathematical accuracy of these assessments;
- We evaluated the historical accuracy of the budgeting process to assess the reliability of the data;
- We evaluated management's base case forecast and severe but plausible downside scenario and challenged the adequacy and appropriateness of the underlying assumptions, comparing these to the 2008 financial market crash;
- Reviewed the terms and conditions of their RCF agreements that are applicable both during the year and for the going concern assessment period;
- In conjunction with the above we have also reviewed management's analysis of both liquidity and covenant compliance to satisfy ourselves that no breaches are anticipated over the period of assessment or have occured in the year to date; and
- Reviewed the disclosures made within the annual report and the financial statements to confirm these are consistent with management's model.

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 30 June 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Annual Report on Remuneration to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Corporate Governance Report is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group and company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

Independent auditors' report to the members of MJ Gleeson plc CONTINUED

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in Respect of the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to health and safety legislation and building safety legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Listing Rules and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to deliberate manipulation of results via improper revenue recognition, management bias in key accounting estimates and posting of inappropriate journal entries to manipulate the group's result for the period. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Challenging assumptions and judgements made by management in their significant accounting estimates, particularly in relation to the valuation of land and work in progress and the expected cash outflows in respect of the building safety provision; and
- Identifying and testing journal entries on a sample basis, in particular journal entries posted with unusual account combinations or posted by unexpected users. Specifically we tested journal entries with credits to revenue, duplicate journals, and journals transferring costs within work in progress.
- Reviewed board minutes and inquired with management over any non compliance with laws and regulations, including discussions with management's internal experts surrounding the building safety act.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements and the part of the Annual Report on Remuneration to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 14 November 2016 to audit the financial statements for the year ended 30 June 2017 and subsequent financial periods. The period of total uninterrupted engagement is 7 years, covering the years ended 30 June 2017 to 30 June 2023.

Other matter

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

Andy Ward (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
13 September 2023

Consolidated Income Statement

For the year ended 30 June 2023

	Note	2023 Pre-exceptional items £000	2023 Exceptional items (note 3) £000	2023 Total £000	2022 Pre-exceptional items £000	2022 Exceptional items (note 3) £000	2022 Total £000
Revenue	2	**328,319**	**–**	**328,319**	373,409	–	373,409
Cost of sales		**(238,228)**	**–**	**(238,228)**	(262,753)	(12,867)	(275,620)
Gross profit		**90,091**	**–**	**90,091**	110,656	(12,867)	97,789
Administrative expenses		**(56,952)**	**(1,022)**	**(57,974)**	(54,543)	–	(54,543)
Other operating income	5	**420**	**–**	**420**	684	–	684
Operating profit		**33,559**	**(1,022)**	**32,537**	56,797	(12,867)	43,930
Finance income	7	**191**	**–**	**191**	172	–	172
Finance expenses	7	**(2,261)**	**–**	**(2,261)**	(1,482)	–	(1,482)
Profit before tax		**31,489**	**(1,022)**	**30,467**	55,487	(12,867)	42,620
Tax	8	**(6,508)**	**210**	**(6,298)**	(9,976)	2,445	(7,531)
Profit for the year attributable to the equity holders of the parent		**24,981**	**(812)**	**24,169**	45,511	(10,422)	35,089
Earnings per share							
Basic	10	**42.89 p**		**41.49 p**	78.12 p		60.23 p
Diluted	10	**42.86 p**		**41.47 p**	77.92 p		60.08 p

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2023

	Note	2023 Pre-exceptional items £000	2023 Exceptional items (note 3) £000	2023 Total £000	2022 Pre-exceptional items £000	2022 Exceptional items (note 3) £000	2022 Total £000
Profit for the year		**24,981**	**(812)**	**24,169**	45,511	(10,422)	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	15	**(148)**	**–**	**(148)**	120	–	120
Other comprehensive (expense)/income for the year (net of tax)		**(148)**	**–**	**(148)**	120	–	120
Total comprehensive income/(expense) for the year		**24,833**	**(812)**	**24,021**	45,631	(10,422)	35,209

The notes on pages 169 to 197 form part of these financial statements.

Statements of Financial Position

At 30 June 2023

	Note	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Non-current assets					
Property, plant and equipment	11	**11,206**	8,112	**–**	–
Investments in subsidiaries	12	**–**	–	**95,203**	98,994
Trade and other receivables	14	**51**	5,051	**–**	–
Deferred tax assets	20	**797**	941	**442**	452
		12,054	14,104	**95,645**	99,446
Current assets					
Inventories	13	**344,626**	286,882	**–**	–
Trade and other receivables	14	**13,947**	29,243	**117,878**	77,196
UK corporation tax		**542**	3,565	**542**	3,565
Cash and cash equivalents	21	**5,159**	33,764	**248**	1,001
		364,274	353,454	**118,668**	81,762
Total assets		**376,328**	367,558	**214,313**	181,208
Non-current liabilities					
Trade and other payables	16	**(8,171)**	(9,703)	**–**	–
Provisions	18	**(8,206)**	(12,049)	**–**	–
		(16,377)	(21,752)	**–**	–
Current liabilities					
Trade and other payables	16	**(68,662)**	(72,291)	**(143,716)**	(122,265)
Provisions	18	**(5,273)**	(1,339)	**–**	–
		(73,935)	(73,630)	**(143,716)**	(122,265)
Total liabilities		**(90,312)**	(95,382)	**(143,716)**	(122,265)
Net assets		**286,016**	272,176	**70,597**	58,943
Equity					
Share capital	23	**1,167**	1,166	**1,167**	1,166
Share premium		**15,843**	15,843	**15,843**	15,843
Own shares	23	**(743)**	(471)	**(743)**	(471)
Retained earnings		**269,749**	255,638	**54,330**	42,405
Total equity		**286,016**	272,176	**70,597**	58,943

Retained earnings of the Company

The profit of the Company in the financial year amounted to £22,007,000 (2022: £13,252,000).

The financial statements on pages 164 to 197 were approved by the Board of Directors on 13 September 2023 and signed on its behalf by:

Graham Prothero
Director

Stefan Allanson
Director

Company registration number: 09268016

The notes on pages 169 to 197 form part of these financial statements.

Statement of Changes in Equity
For the year ended 30 June 2023

Group	Note	Share capital £000	Share premium £000	Own shares £000	Retained earnings £000	Total equity £000
At 1 July 2021		1,165	15,843	–	227,923	244,931
Profit for the year		–	–	–	35,089	35,089
Other comprehensive income		–	–	–	120	120
Total comprehensive income for the year		–	–	–	35,209	35,209
Share issue	23	1	–	–	–	1
Transfer of own shares	23	–	–	(136)	136	–
Purchase of own shares	23	–	–	(403)	–	(403)
Utilisation of own shares	23	–	–	68	268	336
Share-based payments	24	–	–	–	1,568	1,568
Movement in tax on share-based payments taken directly to equity	8	–	–	–	(128)	(128)
Dividends	9	–	–	–	(9,338)	(9,338)
Transactions with owners, recorded directly in equity		1	–	(471)	(7,494)	(7,964)
At 30 June 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	23	**1**	**–**	**–**	**–**	**1**
Purchase of own shares	23	**–**	**–**	**(330)**	**–**	**(330)**
Utilisation of own shares	23	**–**	**–**	**58**	**(58)**	**–**
Share-based payments	24	**–**	**–**	**–**	**(307)**	**(307)**
Movement in tax on share-based payments taken directly to equity	8	**–**	**–**	**–**	**362**	**362**
Dividends	9	**–**	**–**	**–**	**(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**

Statement of Changes in Equity

For the year ended 30 June 2023

Company	Note	Share capital £000	Share premium £000	Own shares £000	Retained earnings £000	Total equity £000
At 1 July 2021		1,165	15,843	–	36,638	53,646
Profit for the year		–	–	–	13,252	13,252
Total comprehensive income for the year		–	–	–	13,252	13,252
Share issue	23	1	–	–	–	1
Transfer of own shares	23	–	–	(136)	136	–
Purchase of own shares	23	–	–	(403)	–	(403)
Utilisation of own shares	23	–	–	68	268	336
Share-based payments	24	–	–	–	1,568	1,568
Movement in tax on share-based payments taken directly to equity	8	–	–	–	(119)	(119)
Dividends	9	–	–	–	(9,338)	(9,338)
Transactions with owners, recorded directly in equity		1	–	(471)	(7,485)	(7,955)
At 30 June 2022		1,166	15,843	(471)	42,405	58,943
Profit for the year		**–**	**–**	**–**	**22,007**	**22,007**
Total comprehensive income for the year		**–**	**–**	**–**	**22,007**	**22,007**
Share issue	23	**1**	**–**	**–**	**–**	**1**
Purchase of own shares	23	**–**	**–**	**(330)**	**–**	**(330)**
Utilisation of own shares	23	**–**	**–**	**58**	**(58)**	**–**
Share-based payments	24	**–**	**–**	**–**	**(307)**	**(307)**
Movement in tax on share-based payments taken directly to equity	8	**–**	**–**	**–**	**190**	**190**
Dividends	9	**–**	**–**	**–**	**(9,907)**	**(9,907)**
Transactions with owners, recorded directly in equity		**1**	**–**	**(272)**	**(10,082)**	**(10,353)**
At 30 June 2023		**1,167**	**15,843**	**(743)**	**54,330**	**70,597**

Notes to the Financial Statements

For the year ended 30 June 2023

	Note	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Operating activities					
Profit before tax		**30,467**	42,620	**22,207**	13,248
Adjustments for:					
Depreciation of property, plant and equipment	11	**3,972**	3,124	**–**	–
Share-based payments	24	**(307)**	1,568	**(307)**	1,568
Profit on redemption of shared equity receivables	15	**(285)**	(375)	**–**	–
Increase in provisions including exceptional items	18	**91**	13,129	**–**	–
Loss on disposal of property, plant and equipment	11	**305**	403	**–**	–
Impairment of investments in subsidiaries	12	**–**	–	**3,791**	73
Finance income	7	**(191)**	(172)	**(30,000)**	(20,014)
Finance expenses	7	**2,261**	1,482	**1,930**	1,336
Operating cash flows before movements in working capital		**36,313**	61,779	**(2,379)**	(3,789)
Increase in inventories		**(57,744)**	(46,921)	**–**	–
Decrease/(increase) in receivables		**19,337**	(8,165)	**(31)**	280
(Decrease)/increase in payables		**(7,490)**	13,244	**(1,593)**	265
Increase in amounts due from subsidiary undertakings		**–**	–	**(36,227)**	(34,310)
Increase in amounts due to subsidiary undertakings		**–**	–	**24,386**	35,382
Cash (used in)/generated from operating activities		**(9,584)**	19,937	**(15,844)**	(2,172)
Tax paid		**(2,770)**	(7,059)	**(2,770)**	(7,178)
Finance costs paid		**(2,066)**	(1,043)	**(1,903)**	(946)
Net cash flow (deficit)/surplus from operating activities		**(14,420)**	11,835	**(20,517)**	(10,296)
Investing activities					
Proceeds from disposal of shared equity receivables		**1,279**	1,566	**–**	–
Interest received		**7**	20	**–**	14
Dividends from subsidiaries		**–**	–	**30,000**	20,000
Purchase of property, plant and equipment	11	**(4,441)**	(3,684)	**–**	–
Net cash flow (deficit)/surplus from investing activities		**(3,155)**	(2,098)	**30,000**	20,014
Financing activities					
Net proceeds from issue of shares	23	**1**	1	**1**	1
Purchase of own shares		**(330)**	(403)	**(330)**	(403)
Dividends paid	9	**(9,907)**	(9,338)	**(9,907)**	(9,338)
Principal element of lease payments	17	**(794)**	(564)	**–**	–
Net cash flow deficit from financing activities		**(11,030)**	(10,304)	**(10,236)**	(9,740)
Net decrease in cash and cash equivalents		**(28,605)**	(567)	**(753)**	(22)
Cash and cash equivalents at beginning of period		**33,764**	34,331	**1,001**	1,023
Cash and cash equivalents at end of period	21	**5,159**	33,764	**248**	1,001

Notes to the Financial Statements
For the year ended 30 June 2023

1 Accounting policies
MJ Gleeson plc ("the Company") is a public limited company that is listed on the London Stock Exchange and is incorporated and domiciled in England, United Kingdom. The address of the registered office is 6 Europa Court, Sheffield Business Park, Sheffield, S9 1XE.

Basis of preparation
Both the Company financial statements and 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.

The consolidated Group and Company financial statements have been prepared on a going concern basis and under the historical cost convention, except as otherwise stated below.

The principal accounting policies set out below have been applied consistently to all periods presented in the consolidated Group and Company financial statements.

The Company has taken advantage of section 408 of the Companies Act 2006 and consequently a statement of comprehensive income of the Company is not presented as part of these financial statements.

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and all of its subsidiary undertakings (together referred to as "the Group").

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

Going concern
The Group's business activities are set out in the Strategic Report on pages 1 to 97. The principal risks identified are reported under Risk Management on pages 36 to 41.

In July 2023, the Group renegotiated its committed facility with Lloyds Bank plc and Santander UK plc. The facility has a limit of £135m (previously £105m), which expires in October 2026 with two further optional one-year extensions.

The Group ended the year with cash and cash equivalents of £5.2m (30 June 2022: £33.8m).

Current forecasts are based on the latest three-year budget approved by the Board in July 2023. 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%;
- permanent reduction in Gleeson Homes selling prices by 5%; 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.

Notes to the Financial Statements

For the year ended 30 June 2023 CONTINUED

1 Accounting policies CONTINUED

Revenue recognition

Revenue represents the fair value of the consideration received or receivable in respect of the sale, or sale and leaseback, of homes and land, net of value added tax and discounts, which is based on an underlying signed legal agreement. Revenue is recognised when control transfers to a customer as follows:

- Revenue from the sale, or sale and leaseback, of homes and sales extras is a single performance obligation that is satisfied when control is transferred to the customer, which is deemed to be on legal completion when title of the property passes to the customer. Where deposit and exchange funds are received in advance, no revenue is recognised until legal completion occurs and the remaining funds are received. Revenue on multi-unit sales follows the same treatment, with revenue recognised on legal completion of each unit in accordance with the contracted terms. There are no contracts which would satisfy the requirements to recognise over time rather than at a point in time in accordance with IFRS 15 “Revenue from contracts with customers”.
- Revenue from land sales, including land sold under option agreements, freehold land sales, or fixed-price land sales, is typically a single performance obligation that is satisfied at the earlier of when unconditional contracts to sell are exchanged and control has passed to the customer or when contracts to sell are completed and title has passed. Revenue from planning promotion agreements is recognised at the point at which the Group is unconditionally entitled to a share of the disposal proceeds under the terms of the promotion agreement contract. Payment terms vary on each land sale; where deferred receipts exceed one year from completion, the transaction price is adjusted to reflect the time value of money. Variable consideration such as an overage is not recognised until the point at which it is considered highly probable that there will not be a significant future reversal, which typically occurs when the amount is agreed by all parties.

The Group has adopted the practical expedient allowed under IFRS 15 “Revenue from contracts with customers” that states an entity need not adjust the amount of consideration for the effects of a significant financing component if the entity expects, at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

Segmental reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group’s other components, and for which discrete financial information is available. All segmental operating results are reviewed regularly by the Executive Directors to make decisions about resources to be allocated to the segment and to assess its performance. Segmental results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis. Segmental capital additions is the total cost incurred during the period to acquire property, plant and equipment.

Exceptional items

Exceptional items are defined as items of income or expenditure which, in the opinion of the Directors, are material in nature or magnitude and of such significance that they require separate disclosure on the face of the income statement in accordance with IAS 1 “Presentation of financial statements”. Should these items be reversed, disclosure of this would also be classified within exceptional items.

Finance income and expenses

Finance income comprises interest income on bank deposits and the unwinding of discounts on deferred receivables and shared equity receivables. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest and fees on bank facilities, leases and the unwinding of discounts on deferred payables. Also included is the amortisation of fees associated with the arrangement of financing. Interest expense is recognised in the income statement using the effective interest method.

1 Accounting policies CONTINUED

Leases

The Group assesses whether a contract is, or contains, a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses an incremental borrowing rate that is the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Right-of-use assets are initially measured at cost, comprising the initial measurement of the lease liability, plus any initial direct costs and an estimate of asset retirement obligations, less any lease incentives. Subsequently, right-of-use assets are measured at cost, less any accumulated depreciation and any accumulated impairment losses, and are adjusted for certain remeasurements of the lease liability. Depreciation is calculated on a straight-line basis over the length of the lease.

For a modification that decreases the scope of the lease, the lease liability is remeasured at the effective date of the modification using a revised discount rate representative of the remainder of the lease term. Where this is not readily determined, the incremental cost of borrowing will be used. The carrying amount of the right-of-use asset will decrease to reflect the partial or full termination of the lease. Any gain or loss relating to the lease modification is recognised in the income statement.

Non-financial assets

1. Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following basis:

- Property: over the term of the lease for right-of-use assets
- Plant and equipment: between three and six years

Depreciation of these assets is charged to the income statement.

2. Investments

Investments are stated at cost less impairment.

3. Inventories

Inventories are valued at the lower of cost and net realisable value and are subject to regular impairment reviews. Inventories comprise all direct costs incurred in bringing the individual inventories to their present condition at the reporting date, including direct materials, direct labour costs and related overheads. For Gleeson Land, inventories also comprise all direct costs incurred in promoting land through the planning system through to the point of sale, less the value of any impairment losses. Inventories are recognised in cost of sales as an allocation of the latest forecast gross margin expected to be generated over the remaining life of that site, which is an output of the site valuation process. These valuations, which are carried out at regular intervals throughout the year, use actual and forecast selling prices, land costs and build costs. Land purchased with deferred consideration terms is included in inventories at its net present value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. In Gleeson Homes, the key assumptions underpinning the assessment of net realisable value are forecast costs to complete, site margins, contingencies and selling prices. In Gleeson Land, expected land value, planning outcome, the remaining duration of the promotion or option agreement and forecast costs to complete are used to determine net realisable value.

Notes to the Financial Statements

For the year ended 30 June 2023 CONTINUED

1 Accounting policies CONTINUED

Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

Financial assets

1. Shared equity receivables

Shared equity receivables are loans that were offered to certain customers to assist in the purchase of their home. Shared equity receivables are recorded at fair value through other comprehensive income ("OCI"), representing the amount receivable discounted to present day values. The difference between the nominal value and the initial fair value is credited over the deferred term to finance income, with the financial asset increasing to its full cash settlement value on the anticipated receipt date. The Group holds a second charge over property sold under shared equity schemes. Changes in the fair value of shared equity receivables are recognised in other comprehensive income. Interest calculated using the effective interest method and impairment losses on shared equity receivables are recognised in the income statement.

2. Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Deferred land receivables are discounted to present values when repayment is due in more than one year after initial recognition.

3. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and cash held in solicitors' client accounts on the Group's behalf and are subject to an insignificant risk of changes in value.

Impairment of financial assets

An assessment of expected credit losses associated with financial assets carried at amortised cost is undertaken on a forward-looking basis. For trade receivables, the simplified approach as permitted by IFRS 9 "Financial instruments" is applied, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Non-financial liabilities

1. Provisions

Provisions are recognised when there is a present legal or constructive obligation arising from past events and it is probable that there will be an outflow of resources required to settle the obligation. Provisions are measured at the best estimate of the Directors and discounted to present value where the effect is material.

2. Contingent liabilities

Where there is a possible obligation arising from past events that will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events then, unless the possibility of such an outflow of resources in settlement is remote, a contingent liability is disclosed.

1 Accounting policies CONTINUED

Financial liabilities

1. Trade and other payables

Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Deferred land payables are discounted to present values when repayment is due in more than one year after initial recognition.

2. Loans and borrowings

Interest-bearing bank loans are initially measured at fair value (being proceeds received, net of direct issue costs) and are subsequently measured at amortised cost. Capitalised finance costs are held in other receivables and amortised over the period of the facility, less any provision for impairment.

Tax

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying values of assets and liabilities for financial reporting purposes and the values used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Employee benefits

1. Defined contribution pension plans

Obligations for contributions to defined contribution pension schemes are charged to the income statement in the period to which the contributions relate.

2. Share-based payments

Equity-settled share-based payments ("share options") are measured at fair value at the date of grant. Fair value is measured using generally accepted option pricing models, taking into account the terms and conditions upon which the options were granted. The fair value of options granted is recognised as an employee expense with a corresponding credit to equity, spread on a straight-line basis over the vesting period. Where non-market vesting conditions apply, the expense is based on the estimate of shares that will eventually vest. These awards are granted by the Company and the cost of the share-based award relating to each subsidiary is calculated, based on an appropriate apportionment, at the date of grant and recharged through intercompany.

Own shares held by Employee Benefit Trusts

The Employee Benefit Trusts ("EBT") holds shares in the Company for the purpose of settling employee share purchase plan awards, deferred bonus awards for the Executive Directors, and employee share options through shares purchased from the market. The cost of the Company's purchase of its own shares is shown as a reduction in shareholders' equity through the "own shares" reserve until such time as they are vested to employees.

Dividends

Dividends are recorded in the financial statements when paid. Final dividends are recorded in the financial statements in the period in which they receive shareholder approval.

1 Accounting policies CONTINUED

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year at the balance sheet date are listed below.

1. Margin recognition

Cost of sales is recognised for completed home sales as an allocation of the latest forecast gross margin expected to be generated over the remaining life of a site, which is an output of the site valuation process. These valuations, which are updated at regular intervals throughout the year, use actual and forecast selling prices, land costs and build costs and are sensitive to future movements in both the estimated costs to complete and expected selling prices. These estimates are reflected in the margin recognised on sites in relation to sales recognised in the current and future years. There is a degree of inherent uncertainty in making such estimates. The Group has internal controls that are designed to ensure that an effective assessment of the costs to complete a development is made on a regular basis. If gross margin on homes sold decreased by 100 basis points, profit before tax in the year would have been £3.2m lower (2022: £3.3m lower).

2. Carrying value of inventories (land and work in progress)

Inventories are stated at the lower of cost and net realisable value. For Gleeson Homes, the assessment of net realisable value is performed on a site-by-site basis, taking into account an estimation of costs to complete and remaining revenue. If forecast gross margins reduced by 5%, there would be no material impact on profit before tax or the carrying value of inventory.

For Gleeson Land, the assessment of net realisable value is performed on a site-by-site basis. Net realisable value is largely dependent on the prospect of obtaining a successful planning consent. Given this, there is some uncertainty over the net realisable value of each site. These assessments include a degree of inherent uncertainty when estimating the profitability of a site and in assessing any impairment provisions that may be required. If a single site in the portfolio failed to obtain planning permission before the expiration of the agreement, the carrying value would decrease by £0.5m (2022: £0.4m), based on an average site. The single largest site inventory balance in the portfolio is £2.6m (2022: £2.4m).

3. Building safety

As set out in note 18, the Group undertakes periodic reviews of all buildings over 11 metres in which the Group had, over the last 30 years, some involvement in developing.

The Group has recorded a building safety provision which represents the best estimate of the life-critical fire-safety remediation costs associated with these buildings. The building safety provision requires a number of key estimates and judgements in its calculation. If it is deemed that the costs are probable and can be reliably measured then, as per IAS 37 "Provisions, contingent liabilities and contingent assets", a provision is recorded. If costs are considered possible or cannot be reliably estimated then they are recorded as contingent liabilities. The key judgements include, but are not limited to, the identification of these properties, the time period to consider and which properties should then be included. Judgement is also required in respect of the underlying nature of the building and materials used where intrusive surveys have not yet been carried out. The key estimates applied to these properties include the potential costs of investigation, the costs of replacement materials and works, the costs of disruption to residents of these buildings and the timing of forecast expenditure.

If forecast remediation costs on these buildings were 20% higher, the exceptional charge in the consolidated income statement would be £2.6m higher. See note 18 for further details.

1 Accounting policies CONTINUED

4. Climate change and environmental risk

Significant judgement is required to assess the impact of climate change on the operations of the business and the carrying value of its assets, including land held in inventory. Climate change has the potential to significantly impact our business strategy through restricted land availability, disrupted build programmes, material and labour shortages and increased costs. No provisions or impairment of assets have been recognised in these financial statements, but detailed scenario analysis is presented in the TCFD section on page 76 to 85.

5. Carrying value of investments (Company only)

Investments are stated at cost less impairment. Significant judgement is required to determine whether an impairment trigger has taken place, and in calculating an impairment, judgement is required to determine the value in use or net realisable value. It was identified that Gleeson Construction Services Limited incurred a loss during the year, which is an indicator that an impairment loss may have occurred – see note 12 for further details. For the investment held in MJ Gleeson Group Limited, an increase in the loss of MJ Gleeson Group Limited or its subsidiary, Gleeson Construction Services Limited, of 10% each year would lead to an increase in the impairment of £200,000.

Adoption of new and revised standards

For the year ended 30 June 2023, the Group and Company have applied the following new and revised standards that were mandatorily effective for an accounting period beginning on or after 1 January 2022:

- Amendments to IFRS 3, "Business combinations", IAS 16, "Property, plant and equipment", and IAS 37 "Provisions, contingent liabilities and contingent assets" and Annual Improvements to IFRS Standards 2018-2020.

The adoption of these standards and amendments has not had any material impact on the disclosures or amounts reported in these financial statements.

Standards not yet applied

There are a number of standards and interpretations issued by the International Accounting Standards Board that are effective for financial statements after this reporting period. The following have not been adopted by the Group and Company in preparing the financial statements for the year ended 30 June 2023:

- IAS 1 "Classification of liabilities" (effective 1 January 2023)
- Amendments to IAS 8 "Accounting policies, changes in accounting estimates and errors" (effective 1 January 2023)
- Amendments to IAS 12 "Taxation" (effective 1 January 2023)
- Amendments to IAS 1 "Presentation of financial statements" (effective 1 January 2024)

The application of the standards and interpretations not yet applied is not expected to have a material impact on the Group and Company's financial performance or position, or give rise to additional disclosures in the financial statements.

Notes to the Financial Statements

For the year ended 30 June 2023 CONTINUED

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:

	2023 Pre-exceptional items £000	**2023 Exceptional items (note 3) £000**	**2023 Total £000**	2022 Pre-exceptional items £000	2022 Exceptional items (note 3) £000	2022 Total £000
Revenue						
Gleeson Homes	**320,848**	**–**	**320,848**	334,571	–	334,571
Gleeson Land	**7,471**	**–**	**7,471**	38,838	–	38,838
Total revenue	**328,319**	**–**	**328,319**	373,409	–	373,409
Divisional operating profit						
Gleeson Homes	**35,045**	**(1,022)**	**34,023**	51,227	(12,867)	38,360
Gleeson Land	**1,032**	**–**	**1,032**	11,061	–	11,061
	36,077	**(1,022)**	**35,055**	62,288	(12,867)	49,421
Group administrative expenses	**(2,518)**	**–**	**(2,518)**	(5,491)	–	(5,491)
Finance income	**191**	**–**	**191**	172	–	172
Finance expenses	**(2,261)**	**–**	**(2,261)**	(1,482)	–	(1,482)
Profit before tax	**31,489**	**(1,022)**	**30,467**	55,487	(12,867)	42,620
Tax	**(6,508)**	**210**	**(6,298)**	(9,976)	2,445	(7,531)
Profit for the year	**24,981**	**(812)**	**24,169**	45,511	(10,422)	35,089

All revenue in the Gleeson Homes segment relates to the sale of residential properties. All revenue for the Gleeson Land segment is in relation to the sale of land interests. There is no revenue relating to Group activities.

No single customer accounts for more than 10% of revenue (2022: no single customer).

Balance sheet analysis of business segments:

	2023			2022		
	Assets £000	**Liabilities £000**	**Net assets/ (liabilities) £000**	Assets £000	Liabilities £000	Net assets/ (liabilities) £000
Gleeson Homes	**326,722**	**(86,033)**	**240,689**	280,481	(85,170)	195,311
Gleeson Land	**43,207**	**(1,733)**	**41,474**	49,230	(5,869)	43,361
Group activities	**1,240**	**(2,546)**	**(1,306)**	4,083	(4,343)	(260)
Cash and cash equivalents	**5,159**	**–**	**5,159**	33,764	–	33,764
	376,328	**(90,312)**	**286,016**	367,558	(95,382)	272,176

Other information:

	2023		2022	
	Capital additions £000	**Depreciation £000**	Capital additions £000	Depreciation £000
Gleeson Homes	**4,441**	**3,877**	3,684	3,022
Gleeson Land	**–**	**95**	–	102
	4,441	**3,972**	3,684	3,124

3 Exceptional items

Restructuring

In February 2023, 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 impacted a significant proportion of our colleagues, but the final number of redundancies was kept to a minimum.

The restructuring expense of £1,022,000 consists 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, make this an exceptional item in the year. Termination benefits are further disclosed in note 6.

Building safety

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

We continue to carry out investigation work, intrusive surveys and fire risk assessments. As a result of these investigations, three additional buildings were identified by Gleeson and notified to DLUHC this year. These buildings are of masonry construction, two of which were conversions from their previous use as mills and one of which was previously notified to DLUHC as a single development, but comprises two separate buildings. The overall provision has been reassessed in light of these and a further assessment of the remediation works required on the 14 buildings previously notified.

Whilst the estimated remediation costs were increased for the three new buildings identified during the year, this was offset by reductions in the estimated costs associated with the 14 existing buildings based on the work carried out during the year and latest information. As such, no further exceptional costs were recognised in the year for life-critical fire-safety remedial works (2022: £12,867,000).

	2023 £000	2022 £000
Cost of sales	**–**	12,867
Administrative expenses	**1,022**	–

4 Expenses and auditors' remuneration

Profit for the year is stated after charging/(crediting):

	Note	**2023 £000**	2022 £000
Staff costs	6	**49,549**	47,220
Depreciation of property, plant and equipment	11	**3,972**	3,124
Profit on redemption of shared equity receivables	15	**(285)**	(375)
Loss on disposal of property, plant and equipment	11	**305**	403
Auditors' remuneration:			
Audit of these financial statements		**304**	254
Audit of financial statements of subsidiaries pursuant to legislation		**85**	66
Non-audit services		**–**	–

5 Other operating income

	Note	2023 £000	2022 £000
Profit on redemption of shared equity receivables	15	**285**	375
Other operating income		**135**	309
		420	684

6 Staff costs

		Group		Company	
	Note	**2023 £000**	2022 £000	**2023 £000**	2022 £000
Wages and salaries		**42,349**	39,023	**1,557**	2,071
Termination benefits		**975**	–	**–**	–
Share-based payment (credit)/charge	24	**(307)**	1,568	**(190)**	921
Social security costs		**4,899**	5,235	**(231)**	588
Other pension costs	19	**1,633**	1,394	**63**	70
		49,549	47,220	**1,199**	3,650

The monthly average number of employees, excluding Non-Executive Directors, during the year was:

	Group	
	2023 No.	2022 No.
Gleeson Homes	**784**	730
Gleeson Land	**18**	14
Group activities	**4**	4
	806	748

The monthly average number of Company employees and Non-Executive Directors during the year was eight (2022: nine).

Key management remuneration

Key management personnel, as defined under IAS 24 "Related party disclosures", have been identified as the Board of Directors, the Chief Executive of Gleeson Homes and Managing Director of Gleeson Land, and the Divisional Managing Directors of Gleeson Homes. A summary of key management remuneration is as follows:

	Group		Company	
	2023 £000	2022 £000	**2023 £000**	2022 £000
Short-term employee benefits	**2,540**	3,990	**1,059**	2,248
Post-employment benefits	**140**	134	**57**	62
Share-based payment (credit)/charge[1]	**(229)**	1,302	**(190)**	921
	2,451	5,426	**926**	3,231

1 Share-based payments reflect the IFRS 2 "Share-based payment" (credit)/charge through the income statement.

7 Finance income and expenses

	2023 £000	2022 £000
Finance income		
Interest on bank deposits	**-**	2
Unwinding of discount on long-term receivables	**185**	152
Other interest income	**6**	18
	191	172
Finance expenses		
Interest on bank overdrafts and loans	**(1,905)**	(820)
Bank facility charges	**(25)**	(516)
Unwinding of discount on long-term payables	**(168)**	(49)
Unwinding of discount on lease liabilities	**(163)**	(97)
	(2,261)	(1,482)
Net finance expenses	**(2,070)**	(1,310)

8 Tax

		Group	
	Note	2023 £000	2022 £000
Current tax			
Current year expense		**5,834**	7,571
Adjustment in respect of prior years		**(42)**	(165)
Current tax expense for the year		**5,792**	7,406
Deferred tax			
Current year expense	20	**495**	253
Adjustment in respect of prior years	20	**(53)**	(165)
Impact of rate change	20	**64**	37
Deferred tax expense for the year		**506**	125
Total tax charge		**6,298**	7,531

Corporation tax has been calculated at 20.7% of assessable profit for the year (2022: 17.7%). The applicable UK corporation tax rate is 20.5% - representing a rate of 19% to 31 March 2023 and 25% effective from 1 April 2023.

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

Notes to the Financial Statements

For the year ended 30 June 2023 CONTINUED

8 Tax CONTINUED

Total tax charge reconciliation	Note	2023 £000	2023 %	2022 £000	2022 %
Profit before tax		**30,467**		42,620	
Tax at current corporation tax rate		**6,246**	**20.5**	8,098	19.0
Expenses not deductible for tax purposes		**42**	**0.1**	13	–
Non-qualifying depreciation		**128**	**0.4**	82	0.2
Relief for share-based payments		**111**	**0.4**	84	0.2
Capital allowances super deduction		**(131)**	**(0.4)**	(161)	(0.4)
Land remediation relief		**(354)**	**(1.1)**	(412)	(0.9)
Impact of rate differences		**64**	**0.2**	37	0.1
Adjustments in respect of prior years – current tax		**(42)**	**(0.1)**	(165)	(0.4)
Adjustments in respect of prior years – deferred tax	20	**(53)**	**(0.2)**	(165)	(0.4)
Residential property developers tax		**287**	**0.9**	120	0.3
Total tax charge and effective tax rate for the year		**6,298**	**20.7**	7,531	17.7

The difference between the headline rate of 20.5% and the effective tax rate of 20.7% is primarily driven by land remediation relief and residential property developers tax. Further explanations are provided following the current tax reconciliation.

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

Current tax charge reconciliation	2023 £000	2023 %	2022 £000	2022 %
Profit before tax	**30,467**		42,620	
Tax at current corporation tax rate	**6,246**	**20.5**	8,098	19.0
Expenses not deductible for tax purposes	**42**	**0.1**	13	–
Non-qualifying depreciation	**128**	**0.4**	82	0.2
Relief for share-based payments	**(144)**	**(0.5)**	263	0.6
Capital allowances super deduction	**(131)**	**(0.4)**	(161)	(0.4)
Land remediation relief	**(354)**	**(1.1)**	(412)	(0.9)
Impact of capital allowances in excess of depreciation	**(295)**	**(1.0)**	(292)	(0.6)
Adjustments in respect of prior years – current tax	**(42)**	**(0.1)**	(165)	(0.4)
Residential property developers tax	**211**	**0.7**	141	0.3
Short-term timing differences	**131**	**0.4**	(161)	(0.4)
Current tax charge and effective tax rate for the year	**5,792**	**19.0**	7,406	17.4

The most significant factor impacting the Group's current tax charge is land remediation relief, whereby tax relief is granted on an additional 50% of qualifying land remediation expenditure. This is for costs incurred on remediating contaminated land and bringing it to a safe and usable condition for the purposes of development. Many of our sites are on brownfield land and require significant remediation prior to use. The government provides this benefit as an incentive to remediate contaminated land. No deferred tax is recognised on this permanent benefit.

The impact of capital allowances in excess of depreciation arises where assets qualify for capital allowances in a different period than they are depreciated for accounting purposes. A temporary timing difference is created and deferred tax is recognised on the difference between the carrying amount of the asset and the amount deductible for tax purposes in future years. For capital investments made between 1 April 2021 and 31 March 2023 an additional super deduction capital allowance at 130% was available on qualifying assets. No deferred tax is recognised on the permanent element of this benefit.

8 Tax CONTINUED

The current tax relief for share-based payments is lower than the cumulative IFRS 2 "Share-based payment" charge for the options exercised, with current and deferred tax being recognised to reflect this difference. The anticipated tax relief has been calculated based on the share price at the balance sheet date and apportioned for the portion of the vesting period which has passed. This anticipated corporation tax relief is greater than the cumulative IFRS 2 charge in the income statement and as such some deferred tax is recognised in equity.

From 1 April 2022, residential property developers tax ("RPDT") has been charged at 4% on certain profits from residential development activities. The additional 4% RPDT is recognised as part of the tax expense and creates a permanent difference in excess of the headline rate of Corporation Tax at 20.5%. No deferred tax is recognised in relation to this permanent difference.

Short-term timing differences comprise items other than depreciation of property, plant and equipment, where the amount is included in the tax computation in a different period from when it is recognised in the income statement. Deferred tax is recognised on these items.

Prior period adjustments relate to estimates and judgements included in the prior year accounts in respect of tax and subsequently adjusted when the tax computations were finalised and submitted to HMRC. Some of these differences related to deferred tax, with the adjustment being recognised accordingly for the prior period adjustment.

Non-deductible expenditure is a permanent difference and comprises business expenses, such as entertaining costs, recognised in the income statement but not allowable as a deduction against taxable income. No deferred tax is recognised on these differences.

Tax recognised on equity-settled share-based payments

		Group		Company	
	Note	**2023 £000**	2022 £000	**2023 £000**	2022 £000
Current tax related to equity-settled share-based payments		**-**	(39)	**-**	(39)
Deferred tax related to equity-settled share-based payments	20	**(362)**	167	**(190)**	158
Total tax recognised on equity-settled share-based payments		**(362)**	128	**(190)**	119

9 Dividends

Amounts recognised as distributions to equity holders:

	2023 £000	2022 £000
Interim dividend for the year ended 30 June 2023 of 5.0p (2022: 6.0p) per share	**2,911**	3,507
Final dividend for the year ended 30 June 2022 of 12.0p (2021: 10.0p) per share	**6,996**	5,831
	9,907	9,338

A final dividend of 9p per share has been proposed for the year ended 30 June 2023, equating to £5,241,000 (2022: £6,999,000). This is subject to approval by shareholders at the AGM on 16 November 2023 and has not been recognised in these financial statements.

10 Earnings per share

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

	2023 £000	2022 £000
Profit for the year	**24,169**	35,089
Adjust for exceptional items (note 3)	**1,022**	12,867
Adjust for tax on exceptional items	**(210)**	(2,445)
Profit for the year – pre-exceptional items	**24,981**	45,511

10 Earnings per share CONTINUED

Number of shares	2023 No. 000	2022 No. 000
Weighted average number of ordinary shares for the purposes of basic earnings per share	**58,246**	58,259
Effect of dilutive potential ordinary shares:		
– Share-based payments	**41**	145
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**58,287**	58,404

	2023 p	2022 p
Basic earnings per share	**41.49**	60.23
Diluted earnings per share	**41.47**	60.08
Basic earnings per share – pre-exceptional items	**42.89**	78.12
Diluted earnings per share – pre-exceptional items	**42.86**	77.92

11 Property, plant and equipment

	Group			Company
	Property £000	Plant and equipment £000	Total £000	Plant and equipment £000
Cost or valuation				
At 1 July 2021	2,727	10,388	13,115	1
Additions	–	3,684	3,684	–
New leases entered in the year	1,133	206	1,339	–
Leases exited in the year	(68)	(34)	(102)	–
Disposals	–	(1,701)	(1,701)	–
At 30 June 2022	3,792	12,543	16,335	1
Additions	**–**	**4,441**	**4,441**	**–**
New leases entered in the year	**1,619**	**1,311**	**2,930**	**–**
Disposals	**–**	**(876)**	**(876)**	**–**
At 30 June 2023	**5,411**	**17,419**	**22,830**	**1**
Accumulated depreciation				
At 1 July 2021	790	5,641	6,431	1
Charge for the year	467	2,657	3,124	–
Leases exited in the year	(6)	(28)	(34)	–
Disposals	–	(1,298)	(1,298)	–
At 30 June 2022	1,251	6,972	8,223	1
Charge for the year	**619**	**3,353**	**3,972**	**–**
Disposals	**–**	**(571)**	**(571)**	**–**
At 30 June 2023	**1,870**	**9,754**	**11,624**	**1**
Net book value				
At 1 July 2021	1,937	4,747	6,684	–
At 30 June 2022	2,541	5,571	8,112	–
At 30 June 2023	**3,541**	**7,665**	**11,206**	**–**

The Group has recorded a depreciation charge of £3,972,000 (2022: £3,124,000), of which £1,750,000 (2022: £609,000) has been charged in cost of sales and £2,222,000 (2022: £2,515,000) in administrative expenses.

At 30 June 2023, the net book value of right-of-use assets was £4,776,000 (2022: £2,773,000), of which £3,544,000 (2022: £2,541,000) is within property and £1,232,000 (2022: £232,000) is within plant and equipment. The depreciation charge recorded for right-of-use assets was £930,000 (2022: £602,000). Refer to note 17 for further details.

The Company recorded a depreciation charge of £nil (2022: £nil).

12 Investments in subsidiaries

	Company £000
Cost	
At 1 July 2021	99,067
Impairment	(73)
At 30 June 2022	**98,994**
Impairment	**(3,791)**
At 30 June 2023	**95,203**

The investments in subsidiaries are assessed annually to determine whether there is any indication that any of the investments might be impaired. Gleeson Construction Services Limited incurred a loss during the year, which is an indicator that an impairment loss may have occurred and, therefore, the recoverable amount of the investment was calculated.

MJ Gleeson Group Limited is the intermediate holding company of Gleeson Construction Services Limited and does not generate revenue or incur any significant costs of its own. Gleeson Construction Services Limited manages the unwind of historic construction and employment liability claims and does not generate any revenue, but it incurs losses which reduce the net asset value.

The recoverable amount of MJ Gleeson Group Limited and its subsidiary, Gleeson Construction Services Limited, was determined based on a value-in-use calculation incorporating discounted cash flow projections at a discount rate of 6.1%.

The carrying value of the investment in MJ Gleeson Group Limited was £5,994,000 (2022: £6,067,000) and the recoverable amount was calculated as £2,203,000 (2022: £5,994,000), resulting in an impairment loss of £3,791,000 (2022: £73,000).

Subsidiary undertakings

The following are the principal subsidiary undertakings of MJ Gleeson plc. MJ Gleeson plc owns 100% of the ordinary share capital of the subsidiaries, all of which are incorporated in England and Wales and operate in the United Kingdom. The registered address for all subsidiary undertakings of MJ Gleeson plc is 6 Europa Court, Sheffield Business Park, Sheffield, S9 1XE.

Company name	Principal activity	Incorporation Number
Gleeson Developments Limited	House building	00848808
Gleeson Regeneration Limited	House building	03920096
Gleeson Developments (North East) Limited	House building	03867699
Gleeson Land Limited	Land promotion and sale	05181745
Gleeson Land (Fleet) Limited[1]	Land promotion and sale	05742750

1 Shares held by Gleeson Land Limited.

12 Investments in subsidiaries CONTINUED

The following are the other subsidiary companies of MJ Gleeson plc:

Company name	Principal activity	Incorporation Number
MJ Gleeson Group Limited	Intermediate holding company	00479529
Gleeson Construction Services Limited[2]	Legacy construction services	00783607
Colroy Limited[3]	Dormant*	00882558
Haredon Developments Limited[3]	Dormant*	00759754
Gleeson Capital Solutions Limited	Dormant*	05276021
Gleeson Classic Homes Limited[1]	Dormant*	01952198
Gleeson Homes Southern Limited[1]	Dormant*	01530449
Gleeson Housing Developments Limited[1]	Dormant*	01460800
Gleeson PFI Investments Limited	Dormant*	05337924
Gleeson Properties Limited	Dormant*	00805039
Gleeson Properties (Kingley) Limited[3]	Dormant*	05281899
Gleeson Properties (Petersfield) Limited[3]	Dormant*	05075336
Gleeson Services Limited	Dormant*	00885340
KW Cannock Properties Limited	Dormant*	05899918
MJ Gleeson (International) Limited	Dormant*	00955626
MJG (Management) Limited	Dormant*	00941012
Oakmill Properties Limited[3]	Dormant*	05206658
Sindale Properties Limited[1]	Dormant*	04201608

1 Shares held by Gleeson Developments Limited.
2 Shares held by MJ Gleeson Group Limited.
3 Shares held by Gleeson Properties Limited.
* Exempt from audit by virtue of s479A of the Companies Act 2006.

13 Inventories

	2023 £000	2022 £000
Land held for development	**112,649**	113,745
Work in progress	**231,977**	173,137
	344,626	286,882

Net realisable value provisions held against inventories at 30 June 2023 were £6,980,000 (2022: £5,933,000). The amount of inventory write-down recognised as an expense in the period was £2,676,000 (2022: £3,341,000) and the amount of reversal of previously recognised inventory write-down was £391,000 (2022: £2,211,000). The cost of inventories recognised as an expense in cost of sales was £236,074,000 (2022: £261,293,000).

Company

The Company held no inventories at 30 June 2023 (2022: £nil).

14 Trade and other receivables

	Group		Company	
Current receivables	**2023 £000**	2022 £000	**2023 £000**	2022 £000
Trade receivables	**9,904**	20,423	**–**	–
VAT recoverable	**2,414**	6,615	**14**	86
Prepayments and accrued income	**1,251**	978	**122**	19
Shared equity receivables	**378**	1,227	**–**	–
Amounts due from subsidiary undertakings	**–**	–	**117,742**	77,091
	13,947	29,243	**117,878**	77,196
Non-current receivables				
Trade receivables	**–**	4,793	**–**	–
Shared equity receivables	**51**	258	**–**	–
	51	5,051	**–**	–

The Directors consider that the carrying amount of trade and other receivables approximates their fair value and includes an allowance for impairment of trade receivables.

See note 15 for reference to credit risk associated with trade receivables and further disclosures in respect of shared equity receivables.

Amounts due from subsidiary undertakings are unsecured, repayable on demand, and interest free. Expected credit losses are based on the assumption that repayment of the loan is demanded at the reporting date. No allowance for expected credit losses is deemed necessary in respect of amounts owed by Group undertakings.

15 Financial instruments

The Group and Company's finance assets and liabilities are as follows:

Group

	Book value		Carrying value	
Financial assets	**2023 £000**	2022 £000	**2023 £000**	2022 £000
Cash and cash equivalents	**5,159**	33,764	**5,159**	33,764
Trade and other receivables	**9,904**	25,216	**9,904**	25,216
Shared equity receivables	**936**	1,844	**429**	1,485
	15,999	60,824	**15,492**	60,465

	Book value		Carrying value	
Financial liabilities	**2023 £000**	2022 £000	**2023 £000**	2022 £000
Land payables	**(14,348)**	(14,622)	**(14,052)**	(14,622)
Trade and other payables	**(57,637)**	(64,363)	**(57,637)**	(64,363)
Lease liabilities	**(5,144)**	(3,009)	**(5,144)**	(3,009)
	(77,129)	(81,994)	**(76,833)**	(81,994)

15 Financial instruments CONTINUED

Company

Financial assets	Book value 2023 £000	Book value 2022 £000	Carrying value 2023 £000	Carrying value 2022 £000
Cash and cash equivalents	**248**	1,001	**248**	1,001
Amounts due from subsidiary undertakings	**117,742**	77,091	**117,742**	77,091
	117,990	78,092	**117,990**	78,092

Financial liabilities	Book value 2023 £000	Book value 2022 £000	Carrying value 2023 £000	Carrying value 2022 £000
Trade and other payables	**(1,241)**	(2,807)	**(1,241)**	(2,807)
Amounts due to subsidiary undertakings	**(142,475)**	(119,458)	**(142,475)**	(119,458)
	(143,716)	(122,265)	**(143,716)**	(122,265)

Risk exposure

The Company operates a central treasury function providing services to the Group. The treasury function arranges loans and funding, invests any surplus liquidity and manages financial risk. The treasury function is not a profit centre and no speculative trades are permitted or executed. It operates within specific policies, agreed by the Board, to control and monitor financial risk within the Group.

Cash and cash equivalents

Cash and cash equivalents comprises cash, demand deposits and cash held in solicitors' client accounts on the Group's behalf. The carrying amount of these assets equals their fair value.

Credit risk

The Group's and Company's credit risk is primarily attributable to its trade and other receivables. The Group applies a simplified approach in calculating expected credit losses. The Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. The expected credit loss is based on the risk of default estimated by the Group's management based on prior experience, forward-looking assessments of the economic environment and relative counter-party risk. For this purpose, a default is determined to have occurred if the Group becomes aware of evidence that it will not receive all contractual cash flows that are due. The Directors consider that the carrying value of trade and other receivables approximates to their fair value and no expected credit loss is recognised.

The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

At 30 June 2023, the Group's most significant credit risk was with a housebuilder and amounted to £4,179,000 (2022: £7,539,000) of the trade and other receivables carrying amount, with the deferred receivables secured by way of first legal charge over the land. The fair value of any land held as security is considered by the Board to be sufficient in relation to the carrying amount of the receivable to which it relates.

The Group's remaining credit risk is spread over a number of counterparties and customers.

The ageing of gross trade receivables at the reporting date was:

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Not past due	**9,744**	25,413	**–**	–
Past due 0–30 days	**236**	–	**–**	–
Past due 31–120 days	**–**	71	**–**	–
Past due 121–365 days	**20**	203	**–**	–
Past due more than one year	**453**	29	**–**	–
	10,453	25,716	**–**	–

15 Financial instruments CONTINUED

All trade receivables are from UK customers. The amounts due are included at expected realisable value.

Included in trade receivables not past due are £nil (2022: £4,793,000) receivables due in more than one year.

In addition to the above, the Company has intercompany receivables which are repayable on demand.

The movement in the allowance for impairment of trade receivables during the year was as follows:

	Group		Company	
	2023 £000	2022 £000	**2023 £000**	2022 £000
Balance at 1 July	**260**	139	**–**	–
Impairment loss recognised	**239**	217	**–**	–
Release of impairment allowance	**(24)**	(96)	**–**	–
Balance at 30 June	**475**	260	**–**	–

Trade and other receivables deemed to have no reasonable expectation of recovery following unsuccessful attempts to pursue the debt are written off in the financial statements, but are still subject to enforcement activity. Subsequent recoveries of amounts previously written off are credited to the income statement.

Market risk

The Group has no significant exposure to foreign currency risk or equity risk.

Interest rate risk

The Group closely monitors its exposure to variations in interest rates but has limited exposure. At 30 June 2023 the Group had no material interest-bearing financial liabilities.

	2023 Weighted average interest rate		2022 Weighted average interest rate	
	%	**£000**	%	£000
Bank borrowings	**5.74**	**–**	2.95	–
Bank overdraft	**–**	**–**	–	–

Based on average net cash balances during the year, a 1.5% change in interest rates, which the Directors consider to be a reasonably possible change, would affect profit before tax by £265,000–£358,000 (2022: £71,000–£200,000 impact based on 1.5% change).

Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient financial resources available to meet its obligations as they fall due. The Group manages liquidity risk by monitoring forecast and actual cash flows and matching the expected cash flow timings of financial assets and liabilities with the use of cash and cash equivalents and loans and borrowings. At the balance sheet date, the total unused committed amount was £105,000,000 (2022: £105,000,000) and cash and cash equivalents were £5,159,000 (2022: £33,764,000).

In July 2023, the Group refinanced its committed facility with Lloyds Bank plc and Santander UK plc. The new facility has a limit of £135m (previously £105m), expires in October 2026 and has two consecutive one-year optional extensions provided by both banks.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

15 Financial instruments CONTINUED

Non-derivative financial liabilities

Group

30 June 2023	Carrying amount £000	Undiscounted contractual cash flows £000	On demand or within 6 months £000	6–12 months £000	1–2 years £000	2–5 years £000	More than 5 years £000
Trade and other payables	**71,689**	**71,650**	**61,419**	**5,687**	**2,489**	**2,055**	**–**
Lease liabilities	**5,144**	**5,818**	**618**	**642**	**1,271**	**1,807**	**1,480**
	76,833	**77,468**	**62,037**	**6,329**	**3,760**	**3,862**	**1,480**

30 June 2022	Carrying amount £000	Undiscounted contractual cash flows £000	On demand or within 6 months £000	6–12 months £000	1–2 years £000	2–5 years £000	More than 5 years £000
Trade and other payables	78,985	79,182	70,172	1,634	6,426	950	–
Lease liabilities	3,009	3,369	369	342	628	1,257	773
	81,994	82,551	70,541	1,976	7,054	2,207	773

Company

The non-derivative financial liabilities of the Company in the current and prior year are predominantly intercompany balances that are payable on demand. The external balances are payable within six months.

Fair values

The fair values of the Group's financial assets and liabilities are not materially different from the carrying values. Shared equity receivables are measured at fair value through other comprehensive income ("FVOCI"). The following summarises the major methods and assumptions used in estimating the fair values of financial instruments.

Shared equity receivables measured at FVOCI

	Group	
	2023 £000	2022 £000
Balance at 1 July	**1,485**	2,522
Redemptions	**(849)**	(1,071)
Shared equity provision	**70**	–
Unwind of discount (finance income)	**16**	35
Fair value movement recognised in other comprehensive income	**(293)**	(1)
Balance at 30 June	**429**	1,485

Shared equity receivables represent shared equity loans advanced to customers and secured by way of a second charge on the property sold. They are carried at fair value, which is determined by discounting forecast cash flows for the residual period of the contract. The difference between the nominal value and the initial fair value is credited over the deferred term to finance income, with the financial asset increasing to its full cash settlement value on the anticipated receipt date.

Redemptions in the year of shared equity loans carried at fair value of £849,000 (2022: £1,071,000) generated a profit on redemption of £285,000 (2022: £375,000), which has been recognised in other operating income in the consolidated income statement.

15 Financial instruments CONTINUED

In addition, a net decrease in the value of shared equity receivables of £148,000 (2022: increase of £120,000) has been recognised in other comprehensive income. This is made up as follows:

	Group	
	2023 £000	2022 £000
Fair value movement recognised in other comprehensive income	**(293)**	(1)
Fair value recycled through profit and loss	**145**	121
Total movement recognised in other comprehensive income	**(148)**	120

Forecast cash flows are determined using inputs based on current market conditions and the Group's historic experience of actual cash flows resulting from such arrangements. These inputs are by nature estimates and as such the fair value has been classified as Level 3 under the fair value hierarchy laid out in IFRS 13 "Fair value measurement". There have been no transfers between fair value levels in the financial year.

Significant unobservable inputs into the fair value measurement calculation include regional house price movements based on the Group's actual experience of regional house pricing and management forecasts of future movements, the anticipated period to redemption of loans that remain outstanding and a discount rate based on current observed market interest rates offered to private individuals on secured second loans.

The key assumptions applied in calculating fair value as at the balance sheet date were:

- Forecast regional house price inflation: 0%
- Average period to redemption: 6 years
- Discount rate: 12%

The sensitivity analysis of changes to each of the key assumptions applied in calculating fair value, whilst holding all other assumptions constant, is as follows:

Change in assumption	**2023 Increase/ (decrease) in fair value £000**	2022 Increase/ (decrease) in fair value £000
Forecast regional house price inflation – increase by 1%	**51**	107
Average period to redemption – increase by 1 year	**(103)**	(116)
Discount rate – decrease by 1%	**45**	102

Capital risk management

In line with the disclosure requirements of IAS 1 "Presentation of financial statements", the Group regards its capital as being the equity as shown in the statement of changes in equity.

Note 23 to the financial statements provides details regarding the Company's share capital movements in the year.

The primary objective of the Group's capital management is to ensure that it maintains investor, creditor and market confidence and to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders and issue or return capital to shareholders.

Neither the Company nor any of the subsidiaries are subject to externally imposed capital requirements.

16 Trade and other payables

	Group		Company	
	2023 £000	2022 £000	**2023 £000**	2022 £000
Current payables				
Trade payables	**18,649**	15,006	**8**	6
Land payables	**9,766**	14,165	**–**	–
Lease liabilities	**1,259**	667	**–**	–
Other taxation and social security	**2,629**	2,385	**79**	77
Contract liabilities	**1,486**	2,212	**–**	–
Accruals and deferred income	**34,873**	37,856	**1,154**	2,724
Amounts due to subsidiary undertakings	**–**	–	**142,475**	119,458
	68,662	72,291	**143,716**	122,265
Non-current payables				
Land payables	**4,286**	7,361	**–**	–
Lease liabilities	**3,885**	2,342	**–**	–
	8,171	9,703	**–**	–

Amounts due to subsidiary undertakings are unsecured, repayable on demand, and interest free.

Contract liabilities relate to customer deposits and exchange monies that have not yet met the performance obligations to be classified as revenue. Of the prior year balance, £1,593,000 (2022: £2,294,000) has been recognised in revenue in the current year as the performance obligations were met.

17 Leases

Right-of-use assets

	2023			2022		
	Property £000	**Plant and equipment £000**	**Total £000**	Property £000	Plant and equipment £000	Total £000
Cost	**5,130**	**2,209**	**7,339**	3,604	898	4,502
Accumulated depreciation	**(1,586)**	**(977)**	**(2,563)**	(1,063)	(666)	(1,729)
Net book value	**3,544**	**1,232**	**4,776**	2,541	232	2,773

Lease liabilities

	2023 £000	2022 £000
Current liabilities	**1,259**	667
Non-current liabilities	**3,885**	2,342
Total lease liabilities	**5,144**	3,009

Amounts recognised in the consolidated income statement

	2023 £000	2022 £000
Depreciation on right-of-use property assets	**619**	467
Depreciation on right-of-use plant and equipment assets	**311**	135
Interest on lease liabilities	**163**	97
Total	**1,093**	699

Amounts recognised in the statement of cash flows

	2023 £000	2022 £000
Principal element of lease payments	**794**	564
Interest element of lease payments	**163**	97
Total cash outflow	**957**	661

18 Provisions

Group

	Dilapidations £000	Building safety £000	Restructuring £000	Total £000
As at 1 July 2021	259	–	–	259
Provisions made during the year	262	12,867	–	13,129
As at 30 June 2022	521	12,867	–	13,388
Provisions made during the year	**199**	**–**	**1,022**	**1,221**
Provisions used during the year	**(21)**	**(117)**	**(992)**	**(1,130)**
As at 30 June 2023	**699**	**12,750**	**30**	**13,479**

	2023 £000	2022 £000
Current provisions	**5,273**	1,339
Non-current provisions	**8,206**	12,049
	13,479	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 in 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 in April 2022, and the long form agreement in February 2023, the Group has committed to put right life-critical fire-safety issues in relation to these buildings.

The Group was involved in the development of 17 buildings over 11 metres, none of which were over 18 metres. The Group originally notified DLUHC of 15 buildings in total, but one building has subsequently been identified as completed more than 30 years ago, and three further buildings have been identified during the year. The Group retains no freehold ownership of these or any other buildings. All of the buildings, including any external wall systems or cladding, were signed off by approved inspectors as compliant with the relevant building regulations at the time of their completion.

The Group has carried out an extensive exercise to locate the records of all buildings affected in which, over the last 30 years, the Group had some involvement in developing. A third-party firm of surveyors has been engaged to examine all of the buildings covered under the DLUHC pledge. A programme of intrusive inspections and fire risk assessments is underway, where permitted by the building owners. Despite our best efforts progress has been slower than we would like but we are committed to undertaking any remedial work as soon as agreement can be reached. The impact of the additional buildings identified this year, and reductions to costs assessed on the original 14 buildings have been taken into account in assessing the current provision.

As a result of the work performed, the provision of £12,750000 (2022: £12,867,000) represents the Board's best estimate of the life-critical fire-safety remediation costs for these buildings, which may develop further as the programme of intrusive inspections progresses. The Group has provided for the cost of remediation where there is a liability, where build issues have been identified or it is considered that such build issues are likely to exist. We have incurred costs of £117,000 in the year for the costs of inspections, which were included in the provision estimate.

The Group reviews the building safety provision at each reporting date and, where necessary, adjusts it to reflect the current best estimate of these remediation costs. We expect this to be utilised in the short term and any uncertainty over timing depends on the speed with which we reach agreement with building owners and carry out the necessary works.

Restructuring

As set out in note 3, the restructuring of the Gleeson Homes business during the year resulted in additional one-off costs of £1,022,000. Of this expenditure, £992,000 was paid out in the year, with the remaining £30,000 provided for at 30 June 2023.

Notes to the Financial Statements

For the year ended 30 June 2023 CONTINUED

18 Provisions CONTINUED

Company

At 30 June 2023, the Company did not have any provisions (2022: £nil).

19 Employee benefits

Defined contribution pension plan

The Group operates a defined contribution pension plan. The assets of the pension plan are held separately from those of the Group in funds under the control of the trustees.

Group

The total pension cost charged to the consolidated income statement of £1,633,000 (2022: £1,394,000) represents contributions payable to the defined contribution pension plan by the Group at rates specified in the plan rules. At 30 June 2023, contributions of £250,000 (2022: £254,000) due in respect of the current reporting period had not been paid over to the pension plan. Since the year end, this amount has been paid.

Company

The total pension cost charged to the income statement of £63,000 (2022: £70,000) represents contributions payable to the defined contribution pension plan by the Company at rates specified in the plan rules. At 30 June 2023, contributions of £2,000 (2022: £2,000) due in respect of the current reporting period had not been paid over to the pension plan. Since the year end, this amount has been paid.

20 Deferred tax assets

Group

	Plant and equipment £000	Short-term timing differences £000	Share-based payments £000	Total £000
At 1 July 2021	228	345	660	1,233
Adjustment in respect of prior year	165	–	–	165
(Charge)/credit to income	(310)	(153)	210	(253)
Charge to equity	–	–	(167)	(167)
Impact of rate change	(93)	(15)	71	(37)
At 30 June 2022	(10)	177	774	941
Adjustment in respect of prior year	**(21)**	**9**	**65**	**53**
(Charge)/credit to income	**(349)**	**157**	**(303)**	**(495)**
Credit to equity	**–**	**–**	**362**	**362**
Impact of rate change	**(66)**	**58**	**(56)**	**(64)**
At 30 June 2023	**(446)**	**401**	**842**	**797**

At the balance sheet date, the Group has unrecognised tax losses of £8,876,000 (2022: £8,876,000) available for offset against future profits. Losses may be carried forward indefinitely against future taxable trading profits. These losses have not been recognised as a deferred tax asset as it is not considered probable that there will be suitable profits or gains available in future periods against which they may be offset.

Of the total deferred tax asset, £771,000 (2022: £216,000) is expected to be recovered within 12 months of the balance sheet date.

20 Deferred tax assets CONTINUED

Company

	Plant and equipment £000	Short-term timing differences £000	Share-based payments £000	Total £000
At 1 July 2021	2	88	477	567
(Charge)/credit to income	–	(72)	88	16
Charge to equity	–	–	(158)	(158)
Impact of rate change	–	(16)	43	27
At 30 June 2022	2	–	450	452
Adjustment in respect of prior year	**–**	**–**	**65**	**65**
Charge to income	**–**	**–**	**(224)**	**(224)**
Credit to equity	**–**	**–**	**190**	**190**
Impact of rate change	**–**	**–**	**(41)**	**(41)**
At 30 June 2023	**2**	**–**	**440**	**442**

21 Net cash/(debt)

	Group		Company	
	2023 £000	2022 £000	**2023 £000**	2022 £000
Cash and cash equivalents	**5,159**	33,764	**248**	1,001
Lease liabilities	**(5,144)**	(3,009)	**–**	–
Net cash/(debt)	**15**	30,755	**248**	1,001

At 30 June 2023, monies held by solicitors on behalf of the Group and included within cash and cash equivalents were £1,150,000 (2022: £15,417,000).

No monies were held by solicitors on behalf of the Company at the balance sheet date (2022: £nil).

	Cash and cash equivalents £000	Lease liabilities £000	Total £000
Net cash/(debt) at 1 July 2021	34,331	(2,322)	32,009
Cash flows	(567)	661	94
New leases	–	(1,339)	(1,339)
Leases exited in the year	–	88	88
Finance expenses	–	(97)	(97)
Net cash/(debt) at 30 June 2022	33,764	(3,009)	30,755
Cash flows	**(28,605)**	**957**	**(27,648)**
New leases	**–**	**(2,929)**	**(2,929)**
Finance expenses	**–**	**(163)**	**(163)**
Net cash/(debt) at 30 June 2023	**5,159**	**(5,144)**	**15**

Notes to the Financial Statements
For the year ended 30 June 2023 CONTINUED

22 Bonds and securities

At 30 June 2023, the Group had bonds and securities with the NHBC of £47,895,000 (2022: £44,149,000), provided in support of ongoing contracts.

The Directors have determined that the Group and Company require no specific provision for bonds, securities or guarantees for subsidiary companies.

23 Share capital

Issued and fully paid 2p ordinary shares:	**Number**	**£000**
At 1 July 2021	58,255,788	1,165
Shares issued during year	50,549	1
At 30 June 2022	58,306,337	1,166
Shares issued during year	**36,023**	**1**
At 30 June 2023	**58,342,360**	**1,167**

Ordinary shares

The Company has one class of ordinary share that carries no rights to fixed income. All issued shares are fully paid.

During the year, the Group issued 36,023 ordinary shares (2022: 50,549 ordinary shares) at the nominal value of 2 pence per share in settlement of share-based payments as set out in note 24.

Own shares reserve

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

The EBT has agreed to waive the right to dividend shares held within the EBT, and these shares do not count in the calculation of the weighted average number of shares used to calculate earnings per share until such time as they vest to the relevant employee.

	2023		2022	
	Number	**£000**	Number	£000
Own shares held by the EBT	**136,935**	**743**	60,769	471

24 Share-based payments

The Group operates a number of share-based payment schemes, a summary of which is shown below. The share purchase plans encourage employee share ownership, whereby the Company contributes one share for every three shares purchased and is available to employees after the completion of their probationary period. The long-term incentive plans ("LTIP") are part of remuneration for the Executive Directors and senior management. Additional information regarding the share-based payment arrangements for the Executive Directors is set out in the Annual Report on Remuneration on pages 134 to 147. All schemes are equity-settled.

Date of grant	Share purchase plans No. of shares	LTIP 09/10/18 No. of shares	LTIP 10/12/19 No. of shares	LTIP 24/09/20 No. of shares	LTIP 27/09/21 No. of shares	LTIP 20/10/22 No. of shares	LTIP 22/02/23 No. of shares
Outstanding at 1 July 2021	45,303	46,575	192,752	394,153	–	–	–
Granted in the year	9,404	–	–	–	363,532	–	–
Forfeited	(19)	–	–	(18,179)	(7,805)	–	–
Exercised	(8,527)	(46,575)	–	–	–	–	–
Outstanding at 30 June 2022	46,161	–	192,752	375,974	355,727	–	–
Granted in the year	**16,390**	**–**	**–**	**–**	**–**	**624,357**	**363,532**
Forfeited	**(13,699)**	**–**	**(115,828)**	**(49,310)**	**(47,920)**	**(74,264)**	**–**
Exercised	**(11,272)**	**–**	**(76,924)**	**–**	**–**	**–**	**–**
Outstanding at 30 June 2023	**37,580**	**–**	**–**	**326,664**	**307,807**	**550,093**	**363,532**
Remaining contractual life	Rolling scheme	nil	nil	nil	12 months	24 months	24 months
Weighted average exercise price	–	–	–	–	–	–	–
Weighted average share price at date of exercise – current year	£6.27	n/a	n/a	n/a	n/a	n/a	n/a
Weighted average share price at date of exercise – prior year	£7.32	n/a	n/a	n/a	n/a	n/a	n/a

Fair value is used to measure the value of the outstanding options. The weighted average life for all schemes outstanding at the end of the year was 17 months (2022: 14 months).

Share purchase plans

The fair value of each share granted in the share purchase plan is equal to the share price at the date of the grant. Shares are granted on a monthly basis.

Notes to the Financial Statements

For the year ended 30 June 2023 CONTINUED

24 Share-based payments CONTINUED

Long Term Incentive Plan ("LTIP")

The fair value of options granted is calculated using either a modified Monte Carlo model or Black-Scholes model. The inputs into the model at each grant date and the estimated fair value were as follows:

Date of grant	LTIP 10/12/19	LTIP 24/09/20	LTIP 27/09/21	**LTIP 20/10/22**	**LTIP 22/02/23**
The model inputs were:					
Share price at grant date	£8.00	£6.16	£8.14	**£3.94**	**£4.56**
Total shareholder return target	n/a[3]	n/a[3]	n/a[3]	**n/a[3]**	**n/a[3]**
Exercise price	£0.00	£0.00	£0.00	**£0.00**	**£0.00**
Expected volatility[1]	27%	33%	34%	**43%**	**44%**
Expected dividends[2]	n/a[2]	n/a[2]	n/a[2]	**n/a[2]**	**n/a[2]**
Expected life	31 months	33 months	33 months	**33 months**	**30 months**
Risk-free interest rate	0.57%	0.10%	0.5%[4]	**3.7%**	**3.7%**
Fair value of one option	£3.64	£4.64[5]	£5.35[5]	**£2.20**	**£3.95**

1 Expected volatility was determined by calculating the historical volatility of the Company's share price; volatility was measured over the previous three years.

2 Awards made under the LTIP allows, on vesting, for an additional award of shares to be made to the option holder equivalent to the dividends paid over the vesting period on the underlying shares.

3 The 2020, 2021 and 2022 LTIP grant include EPS and relative TSR targets for the Executive Directors as set out on page 139 together with non-market, profit-related targets for other participants. Non-market conditions are not factored into the fair value but are instead captured by adjusting the number of shares expected to vest.

4 Risk-free interest rate varies based on the type of target set; the weighted average of these is shown.

5 Volatility rates and fair value of options vary based on the type of target set; the weighted average of the three types is shown.

The total share-based payment credit to the consolidated income statement was £307,000 (2022: charge of £1,568,000).

25 Contingent liabilities

As set out in note 18, the Group is undertaking a review of all of its historic building contracts for buildings over 11 metres in which, over the last 30 years, the Group had some involvement in developing. All of these buildings, including any external wall systems or cladding, were signed off by approved inspectors as compliant with the relevant building regulations at the time of their completion.

As set out in note 12, there are certain legacy activities of the Group where claims arise under historic contracts in Gleeson Construction Services Limited which were carried out in the ordinary course of activities.

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

26 Capital commitments

At 30 June 2023, the Group had no material capital commitments (2022: £nil). The Company had no capital commitments (2022: £nil).

27 Related party transactions

Identity of related parties

The Group has a related party relationship with key management personnel.

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation.

Transactions with key management personnel

The Group's key management personnel are the Executive and Non-Executive Directors, as identified on pages 104 to 105, the Chief Executive and Divisional Managing Directors of Gleeson Homes and the Managing Director of Gleeson Land.

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 holder 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.

Identity of related parties with which the Company has transacted

The Company receives charges from various suppliers in respect of services for the whole Group. The Company allocates and consequently invoices these charges to subsidiaries.

	Administrative expenses		**Receivables outstanding**		**Payables outstanding**	
	2023 £000	2022 £000	**2023 £000**	2022 £000	**2023 £000**	2022 £000
Subsidiaries	**3,049**	3,470	**117,742**	77,091	**(142,475)**	(119,458)

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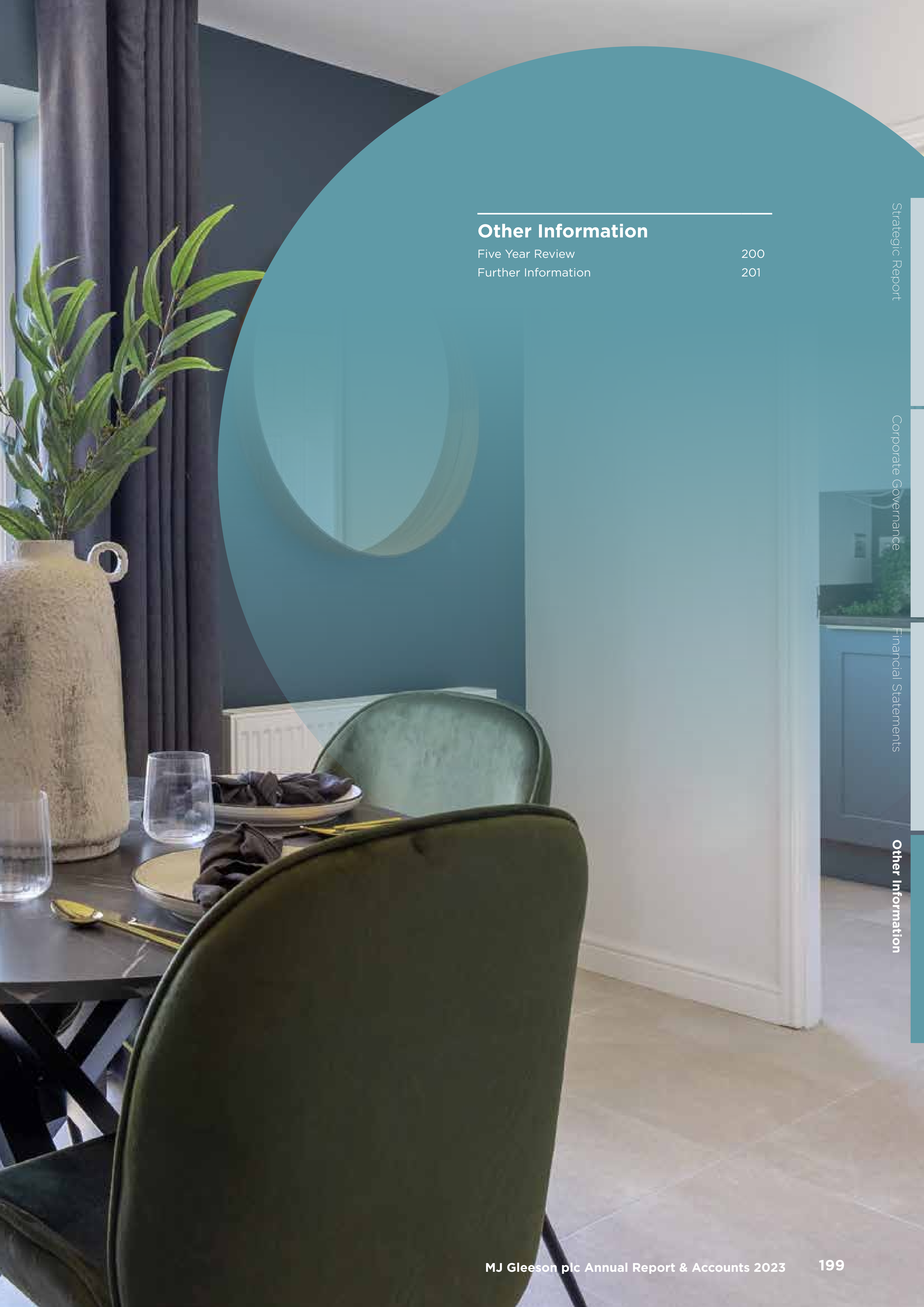
Workington, Cumbria



Other Information

Five Year Review

	2023 £000	2022 £000	2021 £000	2020 £000	2019 £000
Revenue	**328,319**	373,409	288,575	147,181	249,899
Operating profit pre-exceptional items	**33,559**	56,797	43,083	5,929	40,999
Net finance (expense)/income	**(2,070)**	(1,310)	(1,372)	(363)	213
Profit before tax and exceptional items	**31,489**	55,487	41,711	5,566	41,212
Exceptional items	**(1,022)**	(12,867)	–	–	–
Profit before tax	**30,467**	42,620	41,711	5,566	41,212
Tax charge	**(6,298)**	(7,531)	(7,839)	(758)	(7,648)
Profit after tax	**24,169**	35,089	33,872	4,808	33,564
Discontinued operations[1]	**–**	–	–	(289)	(297)
Profit for the year	**24,169**	35,089	33,872	4,519	33,267
Total assets	**376,328**	367,558	313,134	322,051	281,240
Total liabilities	**(90,312)**	(95,382)	(68,203)	(109,446)	(77,344)
Net assets	**286,016**	272,176	244,931	212,605	203,896
	pence	pence	pence	pence	pence
Total dividend per share for the year	**14.0**	18.0	15.0	–	34.5
Basic earnings per share	**41.5**	60.2	58.2	8.7	61.5
Basic earnings per share – pre-exceptional	**42.9**	78.1	58.2	8.7	61.5
Net assets per share	**490**	467	420	366	374

1 All results classified as continuing from 2021.

Further Information

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Our website
For more information on our homes, investor relations and career opportunities please visit
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Shareholder information

Shareholder enquiries
Any shareholder with enquiries should, in the first instance, contact our registrars using the address provided in the Corporate Directory.

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London Stock Exchange
Symbol: GLE

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Financial calendar

Financial year end	30 June 2023
Full year results announced	14 September 2023
Annual General Meeting	16 November 2023

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