FINANCIAL REVIEW

TIM LAWLOR
Chief Financial Officer

GROUP PERFORMANCE

The result for the year was disappointing. The Group delivered growth in revenue and completions, however, market conditions continued to be challenging, particularly for Open Market sales, and the cost forecasting issues that were identified in our South Division in the last quarter of the year significantly impacted adjusted and reported profit before tax.

Group management reacted quickly to thoroughly investigate the underlying causes of the cost forecasting issues, to ensure they were isolated to the South Division and to make all necessary changes and improvements to remediate them. The investigations concluded that the issues could be attributed to insufficient management capability and poor culture in the South Division, and non-compliance with the Group's established commercial forecasting processes.

In response, the Group has changed its divisional structures and removed the COO role to reduce the length of reporting lines between the CEO and our regional businesses. The Group also introduced additional controls to ensure mandated processes were correctly followed for the year-end and in future. Further details on the investigations and consideration of the accounting treatment of the changes in estimates and errors are on pages 174 to 175.

The 2023 full-year results have been restated, reducing adjusted and reported profit before tax by £11.8m and opening reserves by £6.2m. The results for the 2024 half-year will be restated when the Group announces its results for the 2025 half-year. This will reduce adjusted and reported profit before tax in the 2024 half year by c. £65m.

The increase in the cost of building safety remediation impacted reported profit before tax. The Group experienced a rise in the number of claims during the second half of the year as well as higher costs on existing buildings, primarily driven by scope increases.

GROUP PERFORMANCE

£m	2024	2023 restated [2]	Change
Adjusted basis [1]			
Completions	17,225	16,118	+7%
Revenue	4,329.2	4,042.1	+7%
Operating profit	358.2	476.1	-25%
Operating margin	8.3%	11.8%	-3.5ppts
Net financing expense	(94.7)	(68.8)	-38%
Profit before tax	263.5	407.3	-35%
Profit after tax	188.9	296.9	-36%
Basic earnings per share (pence per share)	55.9p	85.8p	-35%
Net debt	(180.7)	(88.8)	-103%
Average capital employed	2,461.8	2,275.1	+8%
Return on capital employed (%)	14.6%	20.9%	-6.3ppts
Reported basis			
Revenue	3,779.3	3,564.2	+6%
Operating profit	167.0	300.0	-44%
Profit before tax	104.9	293.0	-64%
Basic earnings per share (pence per share)	22.0p	62.1p	-65%

1 Figures are shown on an adjusted basis. See Alternative Performance Measures section on pages 34 to 37 for further details.

2 The results for 2023 have been restated to correct the prior year error that arose due to the cost forecasting issue in the South Division. See note 1 on page 174 for further details.

REVENUE AND COMPLETIONS

On an adjusted basis, total revenue increased by 7% to £4,329.2m (2023: £4,042.1m), with a particularly strong increase in Partner Funded revenue of 24%. We saw good levels of demand from the Partner Funded market and secured more than 220 new partner deals with over 70 partners. The number of Partner Funded completions increased by 18% to 12,633 (2023: 10,722), driven by PRS and Additional Affordable homes. The average selling price of Partner Funded homes increased by 6% to £236k (2023: £222k), primarily due to PRS completions including a greater proportion of larger, higher value homes than in the prior year.

Open Market revenue reduced by 16%, with a reduction in the number of completions of 15% to 4,592 (2023: 5,396) due to subdued demand throughout the year, primarily reflecting mortgage affordability and a much lower opening forward order book of £298m (2023: £610m). The Group operated from fewer sales outlets, with the average number down 9% to 203 (2023: 223). Discounts offered to investors purchasing multiple completed homes and changes in the geographic mix resulted in a slight decrease of 1% in the average selling price to £385k (2023: £390k). Sales incentives remained at up to 5% of the Open Market sales price.

On a reported basis, total revenue increased by 6% to £3,779.3m (2023: £3,564.2m). The total number of completed homes delivered also increased by 7% to 17,225 (2023: 16,118), with the overall average selling price broadly consistent with the prior year at £275k (2023: £276k). The disparity between the strong growth in the Partner Funded market and the subdued demand for Open Market homes resulted in an increase in the proportion of total completions which were Partner Funded to 73% (2023: 67%). We expect this percentage to trend back towards our target of 65% in future years when activity levels for Open Market homes begin to improve.

	2024				2023
£m unless otherwise stated	Partner Funded	Open Market	Other revenue	Total	Total
Adjusted revenue	2,636.2	1,488.2	204.8	4,329.2	4,042.1
Add: Government grant income	39.9	22.2	-	62.1	40.4
Remove: other non-housing revenue	-	-	(204.8)	(204.8)	(137.6)
Total sales price	**2,676.1**	**1,510.4**	**-**	**4,186.5**	**3,944.9**
Total units (at 100%)	12,633	4,592	n/a	17,225	16,118
Less: joint venture eliminations	(1,311)	(669)	n/a	(1,980)	(1,836)
Units for calculation of the Average Selling Price	**11,322**	**3,923**	**n/a**	**15,245**	**14,282**
Average Selling Price	£236k	£385k	n/a	£275k	£276k
Proportion of total units by type	73%	27%	n/a	100%	100%

OPERATING MARGIN

The Group managed to mitigate underlying build cost inflation in 2024 through its benefits of scale, visibility of revenues and efficiency gains, resulting in neutral build cost inflation for the Group in the year. We are starting to see some build cost pressure and whilst we will continue to mitigate this where possible, the Group is expecting single digit build cost inflation in 2025. The average number of build outlets increased over the course of the year to 367 (2023: c. 350).

The cost forecasting issues in the South Division related to increases in the total full-life cost projections for a relatively small number of sites, including some large and complex, multi-phase schemes. There were a range of factors that led to these increases including, procurement losses where tender returns for certain packages came in higher than anticipated, operational changes on sites, additional costs due to unexpected ground conditions and asbestos contamination on specific sites, subcontractor failures and design changes for certain aspects of schemes. The cost increases were due to site-specific factors and were not indicative of a more general inflationary trend. In some instances, the cost increases led to the need to impair inventories, resulting in the full future loss on those schemes being recognised in the current year.

Administrative expenses, excluding exceptional items, reduced by 19% to £196.1m (2023: £241.5m). Headcount was lower throughout 2024 following the simplification of the Group's operating structures that completed in late 2023. Bonus and share-based payment costs were reduced due to profit targets not being achieved in 2024.

The Group's adjusted operating profit for the year was down 25% to £358.2m (2023: £476.1m), with the adjusted operating margin down 3.5ppts to 8.3% (2023: 11.8%). The Group's adjusted operating margin has reduced as the Group continued to transition the higher margin, capital intensive landbank from the Group's former Housebuilding business to the lower margin, capital light Partnerships model. This reduction is consistent with our expectations at the time of outlining our strategy. In the year the Group delivered an above-target proportion of Partner Funded completions, 73% compared to our target of 65%, due to market conditions. The cost forecasting issues in the South Division accounted for a further 2.1ppts deterioration in 2024 and will have an ongoing, but reducing, drag on margin in 2025 and 2026 as the impacted sites are completed and traded out.

Reported operating profit reduced by 44% to £167.0m (2023: £300.0m). The decrease was greater than for adjusted operating profit as a result of the increase in exceptional items in 2024, of which £99.9m (2023: £46.2m) was within operating profit.

BUILDING SAFETY

£m	2024	2023
Building safety provision:		
Additions	(117.1)	(11.7)
Releases	20.9	18.6
Discount unwind	(8.0)	(19.4)
Building safety provision recognised in joint venture	(20.9)	-
Building safety recoveries	27.2	11.7
Building safety related impairment	(16.8)	(18.5)
Total building safety expense	**(114.7)**	**(19.3)**

The cost of building safety rose to £114.7m (2023: £19.3m) as the Group increased its provision for remediation and recognised a further impairment of inventories.

The Group's building safety provision at the beginning of the year was £289.0m. This increased by £117.1m, reflecting an increase of 41 buildings following the completion of assessment of claims which were received subsequent to the implementation of a number of regulatory changes. The regulatory changes have broadened the types of issues which are deemed to cause a risk to occupant safety, as well as increasing the historical period for which the developer is responsible. In addition, the Group has experienced some increase in tender prices and an expansion in the scope of works on some buildings where additional issues were found during planned repairs.

During the year, one of the Group's joint ventures agreed to take responsibility for completing remedial works on 10 buildings that it developed and recognised a provision for the cost of these works. Accordingly, the Group released £20.9m that it had previously recognised for its share of those works. There was no net profit impact in the year, however the joint venture now holds the provision and it is no longer included in the Group's provision.

The Group utilised £68.8m of the provision during the year, continuing to make good progress with the remediation works. Work completed on 28 buildings during the year, with work ongoing for a further 43 buildings. At year end, we were engaged in the pre-start phase of the remediation process with 197 buildings, excluding the 10 buildings which will be remediated by one of the Group's joint ventures. The Group continued to manage remediation work through its specialist in-house team.

After discount unwind of £8.0m, the closing building safety provision as at 31 December 2024 was £324.4m.

£m	2024
Opening	**289.0**
Additions	117.1
Utilised in year	(68.8)
Released as obligation transferred to joint venture	(20.9)
Discount unwind	**8.0**
Closing	**324.4**

At 31 December, the number of buildings where work was ongoing or yet to commence on site increased to 240 (2023: 237).

The Group has continued to seek to recover costs from third parties where possible and was successful in recovering £27.2m during the year, which was recognised as an exceptional credit within cost of sales. Future recoveries will only be recognised when they are secured.

In the prior year, the Group recognised an impairment of inventories of £18.5m due to viability challenges on schemes which are now required to incorporate second staircases in high-rise buildings, leading to increased costs and a loss of saleable floorspace.

During 2024, the Group continued to assess the impact of this regulatory change on those schemes through redesign, which identified that the costs would be greater than previously expected. This led to an additional impairment of £16.8m.

EXCEPTIONAL ITEMS

Exceptional items increased to £128.8m (2023: £65.6m) comprising building safety of £114.7m (£19.3m), as described above, and restructuring, integration and other costs of £14.1m (2023: £46.3m). Restructuring, integration and other costs were lower than in the prior year and included changing the Group's divisional structures in response to the issues in the South Division.

NET FINANCE EXPENSE

Adjusted net finance expense increased 38% to £94.7m (2023: £68.8m). Within this, net bank interest payable increased 33% to £57.6m due to average borrowings rising by 19% year-on-year combined with an increase in the average interest rate that the Group incurs on borrowings of 0.5ppts to 7.0% (2023: 6.5%) due to the rise in the average SONIA rate.

Land creditors due after more than one year are discounted on initial recognition using the market rate at that time, with this discount subsequently unwound up to the date the creditor is settled. There is, therefore, a time lag before market interest rate changes feed through into net financing expenses. The unwind grew in 2024 due to rising discount rates over the last two years.

£m	2024	2023	Change
Net bank interest payable	(57.6)	(43.4)	-33%
Unwind of discount on land creditors	(21.7)	(11.5)	-89%
Interest on finance leases	(5.4)	(5.5)	+2%
Net interest on defined benefit pension schemes	1.6	1.7	-6%
Net joint venture interest payable	(11.6)	(10.1)	-15%
Adjusted net finance expense	**(94.7)**	**(68.8)**	**-38%**

PROFIT BEFORE TAX

Adjusted profit before tax was down 35% to £263.5m (2023: £407.3m) and reported profit before tax was down 64% to £104.9m (2023: £293.0m).

TAX

The adjusted tax charge was £74.6m (2023: £110.4m), an effective tax rate of 28.3% (2023: 27.1%).

The reported tax charge was £30.4m (2023: £78.0m), an effective tax rate of 29.0% (2023: 26.6%). The reported rate was broadly equal to corporation tax of 25% and Residential Property Developer Tax (RPDT) of 4%. The reported rate also includes a reduction for some additional qualifying expenditure in respect of land remediation relief, and a reduction for profits not in scope for RPDT, which both reduced the rate, offset by prior period adjustments.

The difference between the adjusted and reported effective rates is largely due to the presentation of a joint venture tax credit. Under IFRS, the share of joint venture profits or losses after tax are included in profit before tax. In the Group's adjusted measures, the Group's share of joint venture tax is included within the adjusted tax charge.

EARNINGS PER SHARE

Adjusted profit for the year reduced by 36% to £188.9m (2023: £296.9m), with adjusted earnings per share down by 35% to 55.9p (2023: 85.8p). The reduction in reported earnings per share of 65% to 22.0p (2023: 62.1p) was greater due to the impact of exceptional items.

CAPITAL EMPLOYED AND ROCE

£m	2024	2023 restated [2]	Change
Work in progress (including part exchange properties)	1,133.3	1,198.5	-5%
Land	1,875.0	1,881.7	-
Land creditors	(739.9)	(662.2)	-12%
Net increase in inventories	**2,268.4**	**2,418.0**	**-6%**
Investment in joint ventures	614.0	562.7	+9%
Other assets	874.0	738.5	+18%
Other liabilities	(1,243.5)	(1,308.6)	+5%
Capital employed	**2,512.9**	**2,410.6**	**+4%**
Building safety provision	(324.4)	(289.0)	-12%
Retirement benefit asset	31.7	34.2	-7%
Tangible net assets	**2,220.2**	**2,155.8**	**+3%**
Goodwill	827.6	827.6	-
Intangible assets	368.8	409.3	-10%
Net debt	(180.7)	(88.8)	-103%
Net assets	**3,235.9**	**3,303.9**	**-2%**

£m	2024	2023 restated [2]	Change
Opening capital employed	2,410.6	2,139.5	+13%
Closing capital employed	2,512.9	2,410.6	+4%
Average capital employed	**2,461.8**	**2,275.1**	**+8%**

Closing capital employed increased by 4% to £2,512.9m (2023: £2,410.6m), with a slightly larger increase in the average capital employed of 8% to £2,461.8m (2023: £2,275.1m).

The largest component of the Group's capital employed is its net investment in inventories. There were several factors contributing to a reduction in the closing balance.

Firstly, the Group recorded impairment write-offs of £61.2m, including those due to the cost forecasting issues in the South Division and the exceptional building safety impairment of £16.8m.

Secondly, the Group established a new joint venture with the development arm of Clarion, Latimer, to develop 1,200 homes on part of our site at Sherford, near Plymouth. The creation of this joint venture led to a transfer of £73.6m of work in progress from the Group's balance sheet.

Finally, land creditors increased by 12% to £739.9m (2023: £662.2m), in line with the Group's strategy to buy sites on deferred terms where acceptable conditions are available. Excluding all of these factors, the underlying position showed a build-up of work in progress of £156.0m due to the slower-than-anticipated Open Market sales rate. Reducing this is a focus for the Group moving into 2025.

The increase in capital employed was driven by Partner Funded receivables, which are included within other assets in the table above, and ongoing investment into joint ventures. Partner Funded receivables include trade receivables, retentions and contract assets (accrued revenue). These increased due to Partner Funded activity levels being higher in 2024 as the shift to a fully Partnerships model took effect, particularly in the last quarter of the year. In addition, the Group completed on a large Partner Funded contract in December 2023, which included a catch-up valuation on work completed to date which was cash settled at the point of completing the contract. At the end of 2024, Partner Funded receivables reflect a more normal working capital cycle for these types of contracts.

During 2024, the Group advanced more loans to joint ventures than were repaid during the year, a net increase of £75.2m, to fund investment into land and work in progress within joint ventures. This included the new joint venture at Sherford.

ROCE reduced by 6.3ppts to 14.6%, mainly due to the lower adjusted profit for the year.

BUILDING SAFETY PROVISION

The Group's building safety provision increased to £324.4m (2023: £289.0m) as described earlier in this review.

NET DEBT AND CASH FLOW

The Group's opening net debt of £88.8m was £207.0m adverse to the previous year's opening net cash of £118.2m. After an outflow of £91.9m, which was substantially smaller than the outflow in the prior year of £207.0m, closing net debt was £180.7m (2023: £88.8m). The average month-end net debt was higher at £534.2m (2023: £459.4m), with an average daily net debt of £698.1m (2023: £586.0m).

Whilst adjusted profit before tax was down 35% on the prior year, cash conversion improved due to a substantially lower working capital outflow of £91.5m (2023: outflow of £406.9m). In 2024, there was a cash benefit of £84.4m as spend on new land was lower than the land utilised and there was an increase in land creditors. The main contributors to the working capital outflow were the increase in Partner Funded receivables, described earlier in this review, which led to an outflow of £84.8m, as well as a reduction in payables of £55.9m due to lower amounts of cash being received from customers in advance of work being completed.

The Group continued to invest in its joint ventures, predominantly to fund land and work in progress across a growing number of active joint ventures.

The net exceptional cash flows related to building safety increased to £36.8m in the year (2023: £33.3m) comprising a gross spend of £58.8m (2023: £45.0m) less recoveries of £22.0m (2023: £11.7m). The cash flows differ from the profit or loss statement due to working capital movements. After recoveries, net cash spend on building safety is expected to increase to c. £65m in 2025.

Income tax paid of £11.3m was lower than in the prior year, with the quarterly instalment payments reflecting the lower taxable profits, and was broadly in line with the current tax element of the total tax expense.

The net inflow before shareholder distributions was £80.7m (2023: net outflow of £91.3m). Shareholder distributions totalling £172.6m were set in anticipation of profit for the year being higher than was achieved. This related to the 15.3m shares purchased under the Group's share buyback programmes. In 2023, the shareholder distributions comprised £110.4m of dividends and £5.3m of shares repurchased under the first buyback programme, which was launched in December 2023.

The total available facilities as at 31 December 2024 were £1,080.0m (2023: £1,015.7m), of which £1,005.0m (2023: £1,015.7m) were committed. Against these facilities, the Group had drawn £500.0m (2023: £506.7m) at the year end. During the year, the Group agreed an additional facility of £75.0m with one of the Group's existing lender pool, which is uncommitted and must be repaid at each quarter end. In addition, subsequent to 31 December 2024, the Group has secured an additional £50m facility with another lender from the Group's existing lender pool. These uncommitted facilities are on-demand facilities with flexible borrowing tenors to support the Group's short-term, in-month, borrowing requirements.

£m	2024	2023 restated [2]	Change
Opening net debt	(88.8)	118.2	n/a
Adjusted profit before tax	263.5	407.3	-35%
Working capital movements:			
Land	6.7	(60.0)	n/a
WIP	(35.2)	(226.1)	+84%
Land creditors	77.7	(5.2)	n/a
Receivables	(84.8)	(67.7)	-25%
Payables	(55.9)	(47.9)	-17%
Working capital outflow	**(91.5)**	**(406.9)**	**+78%**
Net investment in joint ventures	(28.9)	(60.4)	+52%
Exceptional building safety spend (net of recoveries)	(36.8)	(33.3)	-11%
Restructuring, integration and other costs	(14.3)	(56.1)	+75%
Taxation	(11.3)	(37.7)	+70%
Cash inflow/(outflow) before shareholder distributions	80.7	(91.3)	n/a
Shareholder distributions	(172.6)	(115.7)	-49%
Net cash outflow	**(91.9)**	**(207.0)**	**+56%**
Closing net debt	**(180.7)**	**(88.8)**	**-103%**

	Facility				
£m	Available	Maturity	Margin	2024	2023
Revolving credit facility	(500.0)	2026	SONIA + 1.6-2.5 ppts	-	-
Term loan	(400.0)	2026	SONIA + 1.9-3.1 ppts	(400.0)	(400.0)
USPP loan [1]	(100.0)	2027	4.03 ppts	(103.7)	(104.6)
Prepaid facility fee	n/a	n/a	n/a	2.7	4.2
Development loan [2]	-	2029	ECRR + 1.2-2.2 ppts	-	(6.7)
Money market facility	(75.0)	n/a	SONIA plus margin		
Overdraft facility	(5.0)	2025	BoE Base + 1.5 ppts	-	-
Total borrowings	**(1,080.0)**			**(501.0)**	**(507.1)**
Cash				320.3	418.3
Net debt				**(180.7)**	**(88.8)**

[1] *The carrying value of the USPP loan includes the fair value of future interest payments of £3.7m (2023: £4.6m) as the loan was acquired through a historical acquisition. The drawings of £100.0m (2023: £100.0m) are equal to the total available facility.*

[2] *The Homes England development loan is no longer included in the consolidated Group accounts as the borrower, Linden Homes (Sherford) LLP, is no longer a subsidiary undertaking.*

SHAREHOLDER DISTRIBUTIONS AND CAPITAL ALLOCATION POLICY

The Group has not changed its capital allocation policy during the year. An interim ordinary distribution in the form of a share buyback of up to £55m was announced in September 2024 alongside a special buyback of up to £75m. The Group has completed £38m to date and expects to complete the remaining £92m in the half year 2026.

Reflecting the disappointing performance in 2024, the Group is not proposing any final ordinary distribution in respect of the 2024 adjusted earnings. Future distributions will be made in accordance with Group's capital allocation policy.

FORWARD ORDER BOOK

The forward order book as at 31 December was broadly stable at £4.4bn (2023: £4.5bn). The reduction in the Open Market element was driven by the lower Open Market sales rate in the year's final three months.

£m	2024	2023
Open Market	285	298
Partner Funded	4,156	4,168
Total	**4,441**	**4,466**

LAND BANK

The land bank represents 4.4 years of supply (2023: 4.9 years). The Group's Partner Funded business model supports a shorter land bank than traditional housebuilding due to the faster pace of delivery on pre-sold sites and the lower proportion of Open Market homes. Over the medium term, we expect the length of the land bank to reduce to less than 4.0 years of supply.

The Group added 14,432 plots to the land bank across 46 sites in the year, including 701 plots across three sites previously in the strategic land bank. The proportion of the total plots that were controlled rather than owned at the end of the year increased to 31% (2023: 27%). Over the medium term, we expect around one-third of the land bank to come from controlled rather than owned sites, as controlled sites require only minimal upfront capital investment.

Number of plots	2024	2023
Owned (excluding joint ventures)	34,233	39,955
Owned - joint ventures (100%)	17,048	15,752
Total owned	51,281	55,707
Controlled (excluding joint ventures)	12,230	10,459
Controlled - joint ventures (100%)	10,509	10,268
Total controlled	22,739	20,727
Total	**74,020**	**76,434**

STRATEGIC LAND

Strategic land refers to land which does not yet have planning consent and which the Group is or will progress through planning and promotional processes before development. Once we obtain planning consent, the land becomes consented. Strategic land remains an essential supply source, and the number of plots increased by 8% during the year.

As at 31 December 2024	Total sites	Total plots
0 – 150 plots	55	4,322
150 – 300 plots	53	10,930
300 – 500 plots	31	10,745
500 – 1,000 plots	21	13,425
1,000+ plots	22	36,797
Total	**182**	**76,219**
Planning agreed	17	5,855
Planning application	19	8,778
Ongoing application	146	61,586
Total	**182**	**76,219**
At 31 December 2023	185	70,780
Change	-2%	+8%

TIM LAWLOR
Chief Financial Officer

25 March 2025

Monument View, Wellington

Fernleigh Park, Long Marston

PROVIDING CLARITY TO THE USERS OF THE ANNUAL REPORT AND ACCOUNTS

ALTERNATIVE PERFORMANCE MEASURES

In addition to the IFRS (reported) measures disclosed throughout the Annual Report and Accounts, the Group uses certain non-IFRS alternative performance (adjusted) measures to assess its operational performance. Adjusted measures are presented in order to better reflect the contribution of the joint venture investments to the Group's performance and to enable the reader to identify a more consistent basis for comparing performance between financial years. They also reflect an important aspect of the way in which operating targets are defined and performance is monitored by management.

ALTERNATIVE PERFORMANCE MEASURE	DEFINITION
Adjusted revenue	Statutory revenue plus the Group's proportional share of joint ventures' revenue.
Adjusted operating profit	Statutory operating profit excluding exceptional items and amortisation of acquired intangible assets plus the Group's proportional share of joint ventures' operating profit.
Adjusted operating margin	Adjusted operating profit divided by adjusted revenue.
Adjusted net finance expense	Statutory net finance expense excluding exceptional items plus the Group's proportional share of joint ventures' net finance expense.
Adjusted profit before tax	Statutory profit before tax excluding exceptional items, amortisation of acquired intangible assets and the Group's proportional share of joint ventures' tax.
Adjusted income tax expense	Statutory income tax expense excluding the tax effect of exceptional items and amortisation of acquired intangible assets, tax on joint ventures included in profit before tax and the adjustment of one-off tax items.
Adjusted effective tax rate (ETR)	Adjusted ETR represents the underlying tax rate for the Group before the impact of one-off tax items, and is defined as the statutory headline rate adjusted for Group's liability to Residential Property Developer Tax (RPDT).
Adjusted basic earnings per share (EPS)	Adjusted profit before tax less adjusted income tax expense, divided by the weighted average number of ordinary shares for the year.
Net debt	Cash and cash equivalents less total borrowings (excluding lease liabilities).
Capital employed	Statutory net assets less goodwill, intangible assets, net debt, retirement benefit asset and the building safety provision.
Tangible net asset value (TNAV)	Statutory net assets less goodwill, intangible assets and net debt.
Return on capital employed (ROCE)	Adjusted operating profit divided by average capital employed.

Reconciliation of adjusted measures to reported measures (where appropriate):

PROFIT OR LOSS ACCOUNT

	2024						
	Revenue £m	Operating profit £m	Net finance expense £m	Share of profit from joint ventures £m	Profit before tax £m	Tax £m	Profit for the year £m
Reported measures	**3,779.3**	**167.0**	**(65.4)**	**3.3**	**104.9**	**(30.4)**	**74.5**
Adjusting items:							
Exceptional items [1]	-	99.9	8.0	20.9	128.8	(37.3)	91.5
Share of joint ventures [2]	549.9	51.8	(37.3)	(24.2)	(9.7)	9.7	-
Amortisation of acquired intangible assets [3]	-	39.5	-	-	39.5	(11.4)	28.1
Other tax items [4]	-	-	-	-	-	(5.2)	(5.2)
Total adjusting items	549.9	191.2	(29.3)	(3.3)	158.6	(44.2)	114.4
Adjusted measures	**4,329.2**	**358.2**	**(94.7)**	**-**	**263.5**	**(74.6)**	**188.9**

	2023 restated[1]						
	Revenue £m	Operating profit £m	Net finance expense £m	Share of profit from joint ventures £m	Profit before tax £m	Tax £m	Profit for the year £m
Reported measures	**3,564.2**	**300.0**	**(63.0)**	**56.0**	**293.0**	**(78.0)**	**215.0**
Adjusting items:							
Exceptional items[2]	-	46.2	19.4	-	65.6	(18.0)	47.6
Share of joint ventures[3]	477.9	83.6	(25.2)	(56.0)	2.4	(2.4)	-
Amortisation of acquired intangible assets[4]	-	46.3	-	-	46.3	(10.9)	35.4
Other tax items[5]	-	-	-	-	-	(1.1)	(1.1)
Total adjusting items	477.9	176.1	(5.8)	(56.0)	114.3	(32.4)	81.9
Adjusted measures	**4,042.1**	**476.1**	**(68.8)**	**-**	**407.3**	**(110.4)**	**296.9**

EPS

	2024	2023 restated[1]
Adjusted earnings (£m)	188.9	296.9
Weighted average number of ordinary shares (m)	338.1	346.0
Adjusted basic earnings per share (pence)	**55.9**	**85.8**

TNAV AND CAPITAL EMPLOYED

TNAV measures the intrinsic value of the tangible assets held by the Group. Capital employed is a key input for determining ROCE and represents the capital used to generate adjusted operating profit.

	2024 £m	2023 restated[1] £m
Net assets	3,235.9	3,303.9
Less:		
Goodwill	(827.6)	(827.6)
Intangible assets	(368.8)	(409.3)
Net debt	180.7	88.8
Tangible net assets	**2,220.2**	**2,155.8**
Retirement benefit asset	(31.7)	(34.2)
Building safety provision	324.4	289.0
Capital employed	**2,512.9**	**2,410.6**
Opening capital employed	2,410.6	2,139.5
Closing capital employed	2,512.9	2,410.6
Average capital employed	**2,461.8**	**2,275.1**

ROCE

ROCE measures the efficiency of capital use by the Group.

	2024	2023 restated[1]
Adjusted operating profit (£m)	358.2	476.1
Average capital employed (£m)	2,461.8	2,275.1
ROCE (%)	**14.6**	**20.9**

[1] *The 2023 comparatives have been restated as described in note 1 to the financial statements.*

[2] *Exceptional costs are those which the Directors consider to be material by size and irregular in nature. The adjusted measures exclude these items in order to more clearly show the underlying business performance of the Group.*

[3] *The Group undertakes a significant portion of its activities through joint ventures with its partners. In accordance with IFRS, the Group's statement of profit or loss and other comprehensive income includes its share of the post-tax results of joint ventures within a single line item. The Directors believe that showing the Group's share of revenue, operating profit and net financing expenses from joint ventures within the respective adjusted measures better reflects the full scale of the Group's operations and performance.*

[4] *The amortisation charge relates to intangible assets which arose on the acquisitions of Linden Homes and Galliford Try Partnerships from Galliford Try PLC and of Countryside Partnerships PLC. The charge is non-cash and was set at the time of the acquisition. The Directors consider that this needs to be excluded in the adjusted measure to show the underlying business performance of the Group more clearly.*

[5] *The Directors consider that one-off tax items need to be excluded such that the adjusted income tax expense represents the underlying tax charge for the Group.*

FORWARD ORDER BOOK

The Group's forward order book comprises the unexecuted element on contracts that have been secured including those which are reported within its joint ventures. The Directors believe that showing the Group's share of joint venture orders better reflects the full scale of the Group's pipeline. Additionally, reservations made on Open Market sales have been included given they are a commitment made by a customer against a specific plot.

	2024 £m	2023 £m
Transaction price allocated to unsatisfied performance obligations on contracts	3,711.6	3,722.9
Adjusting items:		
Share of forward orders included within the Group's joint ventures	551.2	558.2
Open Market reservations	178.0	185.0
Forward order book (adjusted measure)	**4,440.8**	**4,466.1**

OTHER KEY DEFINITIONS AND TERMS

The following table includes definitions of key terms used throughout the Annual Report and Accounts which haven't been defined elsewhere.

TERMS	DEFINITION
New home completions	The number of homes sold in the financial year, including joint venture completions. For Open Market homes, this is the number of legal completions during the year. For Partner Funded homes, this represents the equivalent number of units sold, based on the proportion of work completed under a contract during the year.
Land bank	The total number of plots expected to be deliverable on land owned or controlled by the Group (including in joint ventures) which have planning consent.
Land development opportunities	The total number of plots expected to be deliverable on land owned or controlled by the Group (including in joint ventures) or through other contractual arrangements which have planning consent.
Strategic land	The total number of plots expected to be deliverable on land owned or controlled by the Group (including in joint ventures) without planning consent.
Forward order book	The Group's share of future revenue that will be derived from signed contracts, letters of intent or open market sales reservations including the Group's share of joint ventures' forward order book.
HBF score	The Home Builders Federation (HBF) undertakes customer satisfaction surveys. Survey forms are sent to customers at both 8 weeks and 9 months after they complete the purchase of their new home. The score measures the percentage of respondents answering 'yes' to the key question "Would you recommend your builder to a friend?". To achieve a 5-star rating, an average score of 90% or more is required on the 8-week surveys.
NHBC Reportable Items (RIs)	The average number of all RIs received within the period across all inspections carried out on sites registered with the National House Building Council (NHBC). An RI is any contravention of the NHBC technical standards or building regulations recorded at any key build stage or frequency visit.
NHBC Construction Quality Review (CQR)	An independent, site-based review undertaken by NHBC of the quality of construction. The CQR score is the average score received within the period across all reviews carried out on sites registered with the NHBC.

TERMS	DEFINITION
Employee engagement score	The Vistry Group employee survey, run by Workday Peakon Employee Voice, covers a number of different topics, including various drivers, all of which contribute towards the overall sense of engagement amongst our teams. Surveys are run twice per year, with employees scoring their responses on a scale of 0-10.
Voluntary turnover	The number of employees who resigned from the organisation as a percentage of the average total number of employees in the year.
Accident Incident Rate (AIR)	The number of reportable accidents per 100,000 workers on site.
Service Strike Incident Rate (SSIR)	The number of service strikes per 100,000 workers on site.
Scope 1 Greenhouse Gas (GHG) Emissions	Scope 1 emissions are direct emissions from owned or controlled sources. These include natural gas, biomass, company cars, leased vans and fuel utilised for operations. They are measured in tCO2e.
Scope 2 Greenhouse Gas (GHG) Emissions	Scope 2 emissions are indirect emissions from the generation of purchased electricity used in our offices, sites and plots before they are handed over as well as electricity from Electric Vehicles. They are measured in tCO2e.
Scope 3 Greenhouse Gas (GHG) Emissions	Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in our supply chain. They are measured in tCO2e.
Net Zero	Net Zero is when any remaining GHG emissions are neutralised through carbon removals. For Vistry, this requires a minimum absolute Scope 1 and 2 GHG emissions reduction of 90% and scope 3 GHG emissions reduction of 97% per m2 by 2040 from a 2022 base year. Carbon offsets will be used as a last resort to offset residual emissions. If used, these offsets will meet the following criteria: Verified Carbon Standard (VCS), Gold Standard Verified Emissions Reduction (GS VER), Voluntary Offset Standard (VOS), Climate Community and Biodiversity Standards (CCB) or will meet the requirements of the Quality Assurance Standard for Carbon Offsets.
Non-hazardous construction waste diverted from landfill	The percentage of waste removed from sites without using incinerators or landfill.
Affordable home completions	Affordable homes include social rent, affordable rent, intermediate rent, right to shared ownership, right to buy, rent to buy, shared ownership, first home/discounted market sale.