HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

Full year completions expected at the top end of guidance, well positioned for improving market conditions

Persimmon Plc today announces its half year results for the six months ended 30 June 2024.

Financial highlights

	H1 2024	H1 2023
New home completions	**4,445**	4,249
New home average selling price	**£263,288**	£256,445
Total Group revenue	**£1.32bn**	£1.19bn
Underlying operating profit[1]	**£152.3m**	£152.2m
Underlying operating margin[1]	**13.0%**	14.0%
Reported operating profit	**£149.4m**	£146.4m
Reported profit before tax	**£146.3m**	£151.0m
Reported basic earnings per share	**34.7p**	34.4p
Interim dividend per share	**20p**	20p
Net cash at 30 June	**£350.2m**	£357.0m

Operational highlights

- 4,445 new home completions in H1, up 5%, including a 14% increase in private completions to 3,742 homes; on track for completions of c.10,500 for the full year, at the top end of previous guidance.
- Underlying operating profit and margin in line with expectations, impacted by embedded build cost inflation and private sales mix in the forward order book at the start of the year, as expected.
- Net private sales rate of 0.71 per outlet per week up from 0.59 in H1 2023. Excluding bulk sales, net private sales rate of 0.59, up 5% (2023: 0.56) on the prior year reflecting improvement in the Spring selling season.
- Maintained five-star customer satisfaction for third successive year alongside further improvements to build quality, achieving more than double the number of NHBC Pride in the Job awards than in 2023.
- Continuing to invest in future growth through £195m spend on land in H1.
- Achieved detailed planning on c.6,000 plots year to date (135% of H1 completions). Encouragingly, c.1,000 of these were achieved in July following the new government taking office.
- Our landbank is strong with 81,545 plots owned and under control, of which 38,067 are owned with detailed planning, supporting our ambition to grow outlets; up 3% from the start of the year to 266 at 30 June.
- Current private forward order book up 28% year on year to £1.12bn.
- Prototype house with facade built in 5 days at our Space4 factory.

Current trading and outlook

We are encouraged by the early announcements of the new government, particularly around planning. Consumer confidence continues to improve leading to a strong pick up in enquiries and visitors, which will be further supported by the recent cut to the Bank of England base rate. Since 1 July, our net private sales rate is 0.69 which is up 68% on last year, providing us with good confidence on delivering c.10,500 homes for the full year, at the top end of previous guidance and we continue to expect our full year housing margin to be in line with the prior year. Our current private forward order book[2] is up 28% at £1.12bn, with a private ASP of c.£289,150, up 2% on the prior year.

Our recent successes on planning, combined with our continued activity in the land market over the past 12 months has further strengthened our land bank and provides us with confidence for further growth of outlets and volume into 2025. Although we recognise that the government's welcome planning reforms will take some time to come through, our ambition remains to grow our outlet base to over 300 in the medium-term.

Dean Finch, Group Chief Executive, said:

"Persimmon is a growing company with growing opportunities. The first half of the year has been strong with improved sales rates and robust average selling prices, despite ongoing affordability challenges. Strengthening consumer sentiment, improving macro-economic conditions and the government's welcome and ambitious planning reforms that demand more of the high quality, affordable homes that are Persimmon's core strength, are all supportive of our ambition to grow this year and in the future.

We are opening more sites this year and will do the same next year, demonstrating the benefit of our continued land investment in recent years. This growing and strong platform means we are ready to deliver more of the homes our country requires while securing industry-leading returns over the medium-term."

Footnotes

1 Stated before net exceptional charge of £2.0m (2023: £nil), as set out in note 4 and goodwill impairment (2024: £0.9m, 2023: £5.8m). Margin based on new housing revenue (2024: £1.17bn, 2023: £1.09bn).

2 2024 figure as at 4 August 2024; 2023 figure as at 6 August 2023.

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There will be an analyst and investor presentation at 09.00 today, hosted by Dean Finch, Group Chief Executive and Andrew Duxbury, Chief Financial Officer.

Analysts unable to attend in person may listen live via webcast using the link below. All participants **must pre-register** to join the webcast. Once registered, an email will be sent with important details for this event, as well as a unique Registrant ID. This ID is to be kept confidential and not shared with other participants.

Live webcast: https://edge.media-server.com/mmc/p/f4d8srd7/

An archived webcast of today's analyst presentation will be available from this afternoon on www.persimmonhomes.com/corporate.

CHIEF EXECUTIVE'S REVIEW

Strengthened platform; positioned for growth

Overview

Our three brands align well with current market demands. In a climate where affordability and value are vital for our customers, we are uniquely placed through our core Persimmon and Westbury Partnerships brands, offering high-quality homes with simple, efficient to build designs supported by our vertically integrated model. Our core Persimmon homes continue to be priced over 20% below the new build market average[1]; through our Westbury Partnerships brand we are well placed to deliver affordable homes in line with the government's ambitions; and our Charles Church brand is successfully capturing demand at higher price points, with an enhanced specification, and providing diversification for our business.

Performance in the first half has been encouraging. Private average selling prices on reservations were higher than achieved in the autumn selling season and sales rates have been good, improving through spring and ahead of the equivalent period last year. Our enhanced sales and marketing capabilities enabled us to achieve a net sales rate of 0.71 per outlet per week in the six-month period and we completed the sale of 4,445 new homes. Bulk sales to investors continue to be used in a disciplined way, and these contributed 0.12 per outlet per week within the overall sales rate referred to above (2023: 0.03). We have continued to use incentives in a very controlled manner at around 4.5% per gross reservation (2023: 3.2%). Importantly, the increased sales were achieved while continuing to provide exceptional service to our customers and delivering consistently high-quality homes reinforced by our vertically integrated model. This outcome reflects the dedication of colleagues throughout the Group and illustrates the significant progress the business has made in recent years.

As expected, our underlying operating housing margin is slightly lower than in the first half of last year. This reflects the lower embedded margin in our carried forward sales at 1 January 2024 given the pressure on pricing last autumn, the sales mix and build cost inflation during 2023. These cost pressures have now eased and overall, we continue to expect our full year housing margin to be in line with the prior year.

In the five weeks since the period closed, sales rates have been 0.69, compared to 0.41 for the same period last year. The private average selling price in the current forward order book is up 9% since the start of the year. Our current private forward sales position[2] is £1.12bn, 28% higher year on year (2023: £0.88bn), positioning us well as we enter the second half of the year. Overall, our view is that the market outlook is encouraging and we are well positioned to grow. We are now expecting to deliver c.10,500 completions, at the top end of previous guidance in the current year with margins in line with the prior year.

Trading performance

We delivered 4,445 completions in the first half year, up 5% on the same period last year (2023: 4,249) reflecting the strength of the order book as we entered the year along with an increase in sales rates. The Group's average selling price of £263,288 (2023: £256,445) is up 3% year on year, largely reflecting a greater proportion of private home completions compared with the prior year. Private average selling prices on reservations were up 6% in the period compared to the second half last year and we are encouraged by the levels of demand across the country.

As anticipated, the relatively low level of house price inflation was more than offset by embedded build cost inflation seen in 2022 and 2023 which, together with higher levels of incentives, impacted the Group's housing margins in the period. Pleasingly, build cost inflation seen in previous years has eased and prices in 2024 have been broadly flat. The Group generated an underlying housing operating margin[3] of 13.0% (2023: 14.0%), in line with expectations.

Vertical integration providing efficiency and resilience in supply

Our Brickworks, Tileworks and Space4 factories continue to supply cost-effective, high-quality materials to the business, positioning us to quickly react as our volumes increase. The ability to adjust production at our factories to meet demand ensures greater flexibility and reduced downtime on site as well as increased cost efficiency, compared to sourcing from third-party suppliers. In the first half we delivered 21.9m bricks, 3.5m tiles and 1,738 timber frame kits and roof systems from our factories to the business.

We are starting preparation works for one of our new robotic lines to be installed in January 2025 at our existing Space4 factory in Birmingham. This new line is an exciting development for the business and will increase the level of automation within the production process, further improving productivity, efficiency, safety and quality of our timber frame product. In time, our new Space4 factory in Loughborough will further increase our capacity and range of timber frame products. This supports our ambition to deliver c.50% of our homes using timber frame by 2027, reducing build times by c.8 weeks compared to traditional build as well as reducing the embodied carbon of our homes.

We continue to seek further opportunities for innovation. We originally invested in the TopHat business because of its industry-leading facade product. While the broader market challenges for volumetric modular manufacture has led us to take the prudent decision to write down our original investment, we continue to work with TopHat as they reposition the business to focus on the facade product. During the first half, we trialled building a timber frame house using the facade at our Space4 factory. This trial saw the house built to roof, with the facade installed, within five days, demonstrating the clear opportunity for build efficiency and key supply chain resilience in the coming years.

Improving sales effectiveness

We continue to work hard to convert enquiries into reservations and our enhancements in quality, customer service, sales and digital marketing have been vital. Our enhanced marketing efforts led to a 35% increase in website visitors and a 13% increase in website enquiries in the first half, with growth seen in all divisions, compared with the prior year. We are also investing in our sales force, offering training and enhancing efficiency to allow sales advisors to focus more on sales activities and customer experience to drive reservations.

Overall, this has led to a weekly sales rate of 0.71 up 20% in the period (2023: 0.59). Excluding bulk sales the net private sales rate was up 5% to 0.59 (2023: 0.56).

We completed a total of 524 bulk sales to investors in the period, up from 124 in the first half of last year. We continue to utilise bulk sales on a case-by-case basis, where it is appropriate and where it complements future years' delivery. This could be where there are opportunities for accelerated return on capital, accelerated delivery of homes or where it makes commercial sense. We see this as an ongoing market opportunity and continue to work with various partners on developing long-term relationships.

We have three strong brands across the business in Persimmon Homes, Charles Church and Westbury Partnerships, providing a diversified pool of customers to sell our homes to. Over the past year we have been optimising the market positioning of these brands to maximise value from each development, ensuring that we are offering the right mix of product for the site location and customer base.

To ensure we drive maximum value from our developments, we took the decision last year to review the specifications for our Charles Church brand recognising the strength in this segment of the market. We enhanced the specification of homes on our Berry Hill Manor site in Lichfield which has delivered consistently higher values. So far, we have sold 20 plots on the site, 7 of which achieved values in excess of £750,000 with improved margins. We have since replicated this at other Charles Church sites across the business, including at Bristol which has been well received by customers and is selling ahead of expectations. This demonstrates the breadth of our market reach both in terms of customers and the quality of our land, providing further opportunities to diversify into higher average selling prices on some of our larger strategic sites.

Land and planning success

Achieving implementable planning permissions has been a challenge across the industry in recent years. We welcome the new government's proposals to address this and have already started to see some positive momentum. We have remained active in the land market through the course of this financial year to position ourselves for future growth.

Overall, land spend in the period was £195m, (2023: £240m) of which £113m related to the settlement of land creditors (2023: £182m). In addition, we brought 4,625 plots across 21 sites into our owned and under control land holdings in the period (2023: 3,245 plots) with sites balanced across the country. This included 445 plots at a site in Bedworth, Warwickshire, a 379 plot site in Mansfield, Nottinghamshire and a 200 plot site at Deeside in North Wales.

Our strategy of continuing to be active in the land market over the past 12 months in a disciplined way will allow us to grow our outlet base in the short to medium-term, a key differentiator for our business. Land prices have fallen 3.2%[4] over the past 12 months albeit have remained relatively stable since the start of the year, demonstrating the benefit of our continued activity in the market. At 30 June 2024, our owned and under control land holdings stood at 81,545 plots (December 2023: 82,235).

Since 30 June we have also completed the purchase of the first phase of a large strategic site in Dallington on the edge of Northampton. Persimmon plans to deliver c.2,000 plots across the 3,500 home urban extension, which provides the opportunity to use a mix of our brands. We have already started infrastructure works on site, with the first legal completion scheduled for mid-2025.

With our enhanced planning approach, we secured full or reserved matters planning permissions for 5,012 plots in the first half of the year, 13% above our completions in the same period (2023: 5,102 plots). From the start of the year to 31 July 2024 we have now achieved permission on c.6,000 plots including at Newcourt, Exeter where we achieved planning in just over 13 weeks. We have also continued to find innovative ways to address site-specific planning issues and, for example, achieved reserved matters planning for 353 plots at Leominster, Herefordshire through the purchase of phosphate credits from Herefordshire Council who have built an integrated wetland as a source of mitigation.

We are now actively selling, with a show home presence, at our flagship net zero carbon ready site at Didcot where we achieved planning last year. As the first phase of a much larger site, we are delivering 172 net zero carbon ready homes, fitted with air source heat pumps, electric vehicle charging points and solar panels ahead of the Future Homes Standard. Similarly, we are on site and building at our net zero homes site at Cheltenham, where homes are also fitted with air source heat pumps and solar panels, with sales due to launch during the Summer.

We continue to enhance our platform for future growth with a gross 44 outlets opened in the first half and we have a nationwide network of well-located outlets to meet an increase in demand. At 30 June 2024 we had 266 selling outlets (December 2023: 258).

Continued focus on build quality, safety and sustainability

Persimmon's focus on consistent delivery of high-quality homes through Build Right, First Time, Every Time in recent years has been crucial for both customer service and cost-efficiency. We are delighted to have maintained our 5-star HBF rating, awarded to us for the third year running in March. This demonstrates our improved culture of delivering consistently high-quality homes through our Persimmon Way build quality programme, an important aspect of preparing the Group for future growth. For the new survey year, our HBF 8-week customer satisfaction score[5] is currently 96.2%, reflecting our on-going focus on the quality of our customers' experience.

We also observed significant build quality improvements during the period, thanks to our ongoing focus on excellence. Reportable Items[6] decreased to 0.23 in the first half, an 8% improvement compared to the first half of 2023. Our efforts are being recognised and were acknowledged in the Pride in the Job Awards, where we excelled with 19 sites receiving awards in 2024, more than double the achievement in 2023 and with all divisions achieving at least one award.

This is all being achieved while increasing efficiency on site through greater use of technology. To date we have successfully deployed around 500 tablets to site managers and assistant site managers which has enhanced productivity and customer service on site. Our Persimmon Way App enables induction, H&S training and checking of competency cards for sub-contractors to be carried out before they arrive on site. The system also acts as a digital sign in/out system, triggering tasks if they remain outstanding at point of sign in. It ensures we know who exactly is on site, at all times, and that our workforce have the right skills and they understand health and safety procedures.

Separately, we have also improved controls on site, with greater visibility on key metrics. This has resulted in a halving of the value of losses per build equivalent unit from lost, stolen or damaged goods.

Current trading and outlook

We are encouraged by the early announcements of the new government, particularly around planning. In addition, our customers are benefiting from improving mortgage rates which has led to a strong pick up in enquiries and visitors. Since 1 July, our net private sales rate is 0.69 which is up 68% on last year, providing us with good confidence on delivering c.10,500 homes for the full year, at the top end of previous guidance. Our current private forward order book[2] is up 28% at £1.12bn, with a private ASP of c.£289,150, up 2% on the prior year.

Our recent successes on planning, combined with our continued activity in the land market over the past 12 months, provide us with confidence for further growth of outlets and volume into 2025.

Dean Finch
Group Chief Executive
7 August 2024

Footnotes

1. National average selling price for new build homes sourced from the UK House Price Index as calculated by the Office for National Statistics from data provided by HM Land Registry.
2. As at 4 August 2024 for 2024 figure, as at 6 August 2023 for 2023 figure.
3. Stated before net exceptional charge of £2.0m (2023: £nil), as set out in note 4 and goodwill impairment (2024: £0.9m, 2023: £5.8m) and margin based on new housing revenue (2024: £1.17bn, 2023: £1.09bn).
4. Savills report 'Market in Minutes: Residential Development Land – Q2 2024'
5. The Group participates in a National New Homes Survey, run by the Home Builders Federation. The rating system is based on the number of customers who would recommend their builder to a friend.
6. A Reportable Item is an area of non-compliance with NHBC standards. The item is rectified fully before completion of the home.

FINANCIAL REVIEW

Trading

The Group generated total revenue[1] of £1.32bn (2023: £1.19bn), with new housing revenue of £1.17bn (2023: £1.09bn).

The Group delivered 4,445 new homes (2023: 4,249) at an average selling price of £263,288 (2023: £256,445) which is 3% higher year on year, reflecting a greater proportion of private homes than the prior year period.

The Group delivered 3,742 new homes to its private owner occupier customers, up 14% (2023: 3,281) at an average selling price of £281,859 (2023: £288,327), reflecting the lower selling prices achieved in the autumn selling season along with geographic and sales mix. We saw a pickup in interest for homes of all sizes in the period although affordability continues to be a challenge for customers, particularly first-time buyers, which represented 31% of private completions in the first half (2023: 34%). We continue to use investor deals where it makes commercial sense to do so, and these represented 524 homes of our private delivery in the first half (2023: 124). Although we are aware that some Registered Providers are facing financial challenges impacting on their ability to bid for s106 housing plots, this has not impacted our performance in the period and most of our housing association homes for the current financial year are already contracted. In the period, we completed 703 homes for our housing association partners (2023: 968) at an average selling price of £164,432 (2023: £148,382).

The impact of lower private average selling prices and residual embedded build cost inflation in the period, resulted in a decrease in the Group's underlying housing gross margin[2] to 20.1% (2023: 21.5%), as expected.

The Group's underlying gross profit[3] for the period of £235.4m (2023: £234.0m) continues to be supported by the Group's well-established land replacement strategy, with land cost recoveries[4] of 12.1% of new housing revenue for the period (2023: 11.2%). The Group's reported gross profit for the period of £258.4m (2023: £234.0m) is stated after an exceptional release of £23.0m (2023: £nil) in relation to the anticipated costs of the Group's commitments to the costs of removal of combustible cladding and other fire related remediation works. The Group has also recognised an exceptional charge of £25.0m in relation to its investment and long-term loan notes in TopHat Enterprises Limited which writes down the value of the investment and long-term loan notes to £nil. In total there is a net exceptional cost of £2.0m (2023: £nil) going through the Income Statement in the period. Further detail is provided in note 4 to the financial information.

As expected, underlying housing operating margin[5] of 13.0% has been impacted by the residual impact of last year's inflationary pressures on build costs (2023: 14.0%). Underlying operating profit[6] for the Group was flat on the prior year at £152.3m (2023: £152.2m). On a reported basis operating profit increased by 2% to £149.4m (2023: £146.4m).

Net interest costs increased in the period to £3.1m (2023: £4.6m net interest income) as a result of lower average cash balances as we continue to invest in land and work in progress, positioning the business for future growth. As a result of this investment, reported profit before tax reduced to £146.3m in the period (2023: £151.0m), after net exceptional costs of £2.0m (2023: £nil).

Reported basic earnings per share was 34.7p , 1% higher than the prior period last year (2023: 34.4p). Underlying basic earnings per share[6] was 35.7p, a 1% decrease compared to the prior period reflecting the higher interest charge (2023: 36.2p).

Land

Persimmon's disciplined and expert land buying is a core strength of the business. We maintained our selective land purchase strategy during the last two years, positioning us well for the future as we look to grow our outlet position. As of 30 June 2024, we had 266 active sales outlets, up from 258 outlets at the start of the year. We remain on track to open around 50 gross new outlets in the second half as we position the business for growth into 2025.

At 30 June, the Group had owned and under control land holdings of 81,545, from 82,235 plots at 31 December 2023, with 38,067 of these plots benefitting from detailed planning consents, equivalent to c.4 years of supply at 2023 volumes.

The Group brought 4,625 plots into the business across 21 locations throughout the country with 41% of these plots converted from our strategic land portfolio. At 30 June 2024, the Group's owned land holdings of 66,417 plots (December 2023: 66,742 plots) have an overall pro forma gross margin[7] of c. 29% (December 2023: 29%) and a cost to revenue ratio of 11.6%[4] (December 2023: 11.5%).

The Group incurred land spend of £194.5m in the first half (2023: £240.4m), including £113.3m of payments in satisfaction of deferred land commitments (2023: £181.8m).

Disciplined investment and robust balance sheet

During the period, we continued our targeted investment into the business to enhance quality, efficiency and returns as we build a more sustainable business. We are ensuring that our business is ready for growth in the housing market, enhancing our processes to enable best practice to be shared across the Group.

As the Group invests in further growth, our long-standing financial discipline will continue in all land appraisals and decisions to open outlets. The Group will continue to maintain a robust balance sheet, with low leverage. We currently anticipate net cash at year end will be between £100m and £200m.

The Group had a cash balance of £350.2m at 30 June 2024 (December 2023: £420.1m) with land creditors of £317.2m (December 2023: £372.0m), of which c.£110m is expected to be paid by the end of this year. The Group generated £164.7m of cash from operating activities in the period (2023: £155.3m), before investing £151.8m in working capital (being principally £80.5m in net work in progress and a net £56.3m reduction in land creditors). This investment in work in progress along with the Group's healthy liquidity will provide further opportunities to continue to support the future growth of the business.

At 30 June 2024, the Group had work in progress of c. 4,440 equivalent units of new home construction an increase on the position at the start of the year (December 2023: 4,170) reflecting the stronger delivery expected in the second half of the year. Our disciplined work in progress investment aligns build levels with customer demand and addresses industry challenges. Our in-house production of essential materials, including bricks, roof tiles and timber frame kits is a key strength of the business and will allow us to increase output quickly when needed.

The Group has a robust balance sheet with high quality land holdings, strong levels of work in progress investment and healthy levels of liquidity. We continue to exert disciplined control over work in progress while investing to strengthen our platform for future growth. At 30 June 2024 the Group had land holdings of £2.10bn and work in progress of £1.51bn, an increase of £80.5m compared to 31 December 2023.

As at 30 June 2024, we owned 593 part exchange properties (December 2023: 591 properties) at a carrying value of £122.4m (December 2023: £114.6m). Part exchange continues to be a key sales incentive for our customers, and we are progressing sales of part exchange properties promptly at around expected values.

Our £700m 'Sustainability Linked' Revolving Credit Facility (RCF) was extended in the period to July 2029, with ESG targets covering the facility's term. The targets are consistent with the Group's science-based operational carbon reduction targets, our commitment to deliver net zero carbon homes in use by 2030 and our long-standing ambition to deliver excellent development opportunities for our colleagues.

The Group's defined benefit net pension asset has increased to £129.2m at 30 June 2024 (December 2023: £127.1m) mainly reflecting an increase in the discount rate assumption applied to the scheme obligations partially offset by underperformance of asset returns when compared to the standard expected returns at the start of the year.

Total equity decreased to £3,408.2m from £3,418.5m at 31 December 2023. Reported net assets per share of 1,066p represents a small decrease from 1,070p at 31 December 2023. Underlying return on average capital employed[8] as at 30 June 2024 was 10.0% (December 2023: 10.5%), demonstrating the resilience of the business and the continued investment made to support future growth.

Building safety

During the period, we continued our proactive approach of working with management companies, factors (in Scotland) and their agents to carry out necessary remediation as soon as possible. The table below sets out our detailed position at 30 June 2024, compared to 31 December 2023.

Of the total of 83 developments in our programme 39 (47%) have already seen any necessary works completed. Of the remaining 44, 20 currently have work on site and 12 are at varying stages of pre-tender, live tender, contract negotiation or agreed contract and works commencing soon. As the table below demonstrates, developments are actively progressing through the programme.

During the period, £23.0m of the provision has been released following a review of the projected costs to complete rectification work, which includes the recoverability of VAT applicable to such costs. Due to the non-recurring nature of these changes, they have been disclosed as exceptional items to support the understanding of financial performance and improve the comparability between reporting periods.

Identified developments	As of 30 June 2024	As of 31 Dec 2023
Recently made aware and under investigation	1	2
Pre-tender preparation on-going	11	8
Live tender process	0	6
Sub-total: progressing through tender	**12**	**16**
Progressing to contract	9	7
Contracted but works yet to start	3	3
Sub-total: pre-works starting	**24**	**26**
Currently on site	20	17
Sub-total: to complete	**44**	**43**
Completed developments	39	39
Total identified developments	**83**	**82**

In the period we spent £24.7m on the programme, with total expenditure so far of £89.3m. Given our own proactive approach and the sustained and significant publicity around cladding and building safety, we do not anticipate significant new building additions into the programme. We believe our existing provision remains sufficient.

Capital Allocation

The Group's capital allocation policy is to deliver sustainable returns to shareholders, investing in future growth through disciplined expansion of our land portfolio while maintaining a strong balance sheet.

For 2024, the Board has declared an interim dividend of 20p per share, which will be payable on 8 November 2024, to shareholders on the register on 18 October 2024. The Board's intention is, as a minimum, to maintain the 2023 dividend of 60p per share, with a view to growing this over time.

Andrew Duxbury
Chief Financial Officer
7 August 2024

Footnotes

1. The Group's total revenues include the fair value of consideration received or receivable on the sale of part exchange properties and income from the provision of broadband internet services. New housing revenues are the revenues generated on the sale of newly built residential properties only.
2. Stated before an exceptional release of £23.0m (2023: £nil), as set out in note 4 and based on new housing revenue (2024: £1.17bn, 2023: £1.09bn).
3. Stated before an exceptional release of £23.0m (2023: £nil), as set out in note 4.
4. Land cost value for the plot divided by the revenue of the new home sold.
5. Stated before net exceptional charge of £2.0m (2023: £nil), as set out in note 4 and goodwill impairment (2024: £0.9m, 2023: £5.8m) and based on new housing revenue (2024: £1.17bn, 2023: £1.09bn).
6. Stated before net exceptional charge of £2.0m (2023: £nil), as set out in note 4 and goodwill impairment (2024: £0.9m, 2023: £5.8m).
7. Estimated weighted average gross margin based on assumed revenues and costs at 30 June 2024 and normalised output levels.
8. 12 month rolling average calculated on underlying operating profit and total capital employed (including land creditors). Underlying operating profit is stated before net exceptional charge of £2.0m (2023: £275.0m), as set out in note 4 and goodwill impairment (2024: £2.7m, 2023: £9.2m).

Appendices

2024 quarterly performance	Q1 24	Q2 24	HY 24	HY 23	FY 23
Completions (homes)	1,027	3,418	**4,445**	4,249	9,922
Private (homes)	852	2,890	**3,742**	3,281	7,681
Housing Association (homes)	175	528	**703**	968	2,241
Net private sales rate	0.66	0.81	**0.71**	0.59	0.58
FTB[1] % (private completions)	28%	32%	**31%**	34%	31%
Average sales outlets	256	266	**261**	267	266

1 First time buyers

Forward sales position

	30 June 2024		30 June 2023		Variance	
Forward sales	**Value**	**Homes**	**Value**	**Homes**	**Value**	**Homes**
Private	£863m	2,971	£710m	2,516	+22%	+18%
Housing Association	£555m	3,477	£663m	4,209	-16%	-17%
Total	**£1,418m**	**6,448**	**£1,373m**	**6,725**	**+3%**	**-4%**

PERSIMMON PLC
Condensed Consolidated Statement of Comprehensive Income
For the six months to 30 June 2024 (unaudited)

	Note	**Six months to 30 June 2024 Total £m**	Six months to 30 June 2023 Total £m	Year to 31 December 2023 Total £m
Total revenue	3	**1,316.5**	1,188.5	2,773.2
Cost of sales		**(1,058.1)**	(954.5)	(2,253.1)
Gross profit		**258.4**	234.0	520.1
Analysed as:				
Underlying gross profit		**235.4**	234.0	520.1
Exceptional - Legacy buildings provision (through Cost of sales)	4	**23.0**	-	-
Other operating income		**5.6**	4.1	8.6
Operating expenses		**(89.6)**	(91.7)	(181.8)
Exceptional – Impairment of a financial asset	4	**(25.0)**	-	-
Profit from operations		**149.4**	146.4	346.9
Analysed as:				
Underlying operating profit		**152.3**	152.2	354.5
Exceptional items		**(2.0)**	-	-
Impairment of intangible assets		**(0.9)**	(5.8)	(7.6)
Finance income		**5.6**	11.2	19.7
Finance costs		**(8.7)**	(6.6)	(14.8)
Profit before tax		**146.3**	151.0	351.8
Analysed as:				
Underlying profit before tax		**149.2**	156.8	359.4
Exceptional items		**(2.0)**	-	-
Impairment of intangible assets		**(0.9)**	(5.8)	(7.6)
Tax	5	**(35.6)**	(41.3)	(96.4)
Profit after tax (all attributable to equity holders of the parent)		**110.7**	109.7	255.4
Other comprehensive expense				
Items that will not be reclassified to profit:				
Re-measurement losses on defined benefit pension schemes	13	**(0.3)**	(9.7)	(35.1)
Tax	5	**-**	2.7	9.8
Other comprehensive expense for the period, net of tax		**(0.3)**	(7.0)	(25.3)
Total recognised income for the period		**110.4**	102.7	230.1
Earnings per share				
Basic	6	**34.7p**	34.4p	80.0p
Diluted	6	**34.3p**	34.1p	79.5p

PERSIMMON PLC
Condensed Consolidated Balance Sheet
As at 30 June 2024 (unaudited)

	Note	**30 June 2024**	30 June 2023	31 December 2023
		£m	£m	£m
Assets				
Non-current assets				
Intangible assets		**164.5**	167.2	165.4
Property, plant and equipment		**145.7**	133.0	140.5
Investments accounted for using the equity method		**0.3**	1.0	1.0
Shared equity loan receivables	9	**26.4**	27.8	27.2
Trade and other receivables		**-**	7.1	6.9
Deferred tax assets		**12.2**	11.8	11.5
Retirement benefit assets	13	**129.2**	149.4	127.1
		478.3	497.3	479.6
Current assets				
Inventories	8	**3,795.4**	3,705.1	3,701.2
Shared equity loan receivables	9	**4.3**	6.3	4.9
Trade and other receivables		**159.9**	144.2	182.0
Current tax assets		**9.9**	1.4	-
Cash and cash equivalents	12	**350.2**	357.0	420.1
		4,319.7	4,214.0	4,308.2
Total assets		**4,798.0**	4,711.3	4,787.8
Liabilities				
Non-current liabilities				
Trade and other payables		**(151.8)**	(184.7)	(178.7)
Deferred tax liabilities		**(66.6)**	(70.8)	(64.9)
Partnership liability		**(9.9)**	(14.6)	(15.1)
Legacy buildings provision	10	**(104.8)**	(146.2)	(161.7)
		(333.1)	(416.3)	(420.4)
Current liabilities				
Trade and other payables		**(789.5)**	(767.1)	(821.7)
Partnership liability		**(5.6)**	(5.6)	(5.6)
Current tax liabilities		**-**	-	(0.1)
Dividend liability	7	**(127.9)**	-	-
Legacy buildings provision	10	**(133.7)**	(166.2)	(121.5)
		(1,056.7)	(938.9)	(948.9)
Total liabilities		**(1,389.8)**	(1,355.2)	(1,369.3)
Net assets		**3,408.2**	3,356.1	3,418.5
Equity				
Ordinary share capital issued		**32.0**	31.9	31.9
Share premium		**25.6**	25.6	25.6
Capital redemption reserve		**236.5**	236.5	236.5
Other non-distributable reserve		**276.8**	276.8	276.8
Retained earnings		**2,837.3**	2,785.3	2,847.7
Total equity		**3,408.2**	3,356.1	3,418.5

PERSIMMON PLC
Condensed Consolidated Statement of Changes in Shareholders' Equity
For the six months to 30 June 2024 (unaudited)

	Share capital	Share premium	Capital redemption reserve	Other non-distributable reserve	Retained earnings	Total
	£m	£m	£m	£m	£m	£m
Six months ended 30 June 2024:						
Balance at 1 January 2024	**31.9**	**25.6**	**236.5**	**276.8**	**2,847.7**	**3,418.5**
Profit for the period	-	-	-	-	110.7	110.7
Other comprehensive expense	-	-	-	-	(0.3)	(0.3)
Transactions with owners:						
Dividends on equity shares	-	-	-	-	(127.9)	(127.9)
Issue of new shares	0.1	-	-	-	-	0.1
Own shares issued	-	-	-	-	0.4	0.4
Share-based payments (net of tax)	-	-	-	-	6.7	6.7
Balance at 30 June 2024	**32.0**	**25.6**	**236.5**	**276.8**	**2,837.3**	**3,408.2**
Six months ended 30 June 2023:						
Balance at 1 January 2023	**31.9**	**25.6**	**236.5**	**276.8**	**2,868.5**	**3,439.3**
Profit for the period	-	-	-	-	109.7	109.7
Other comprehensive expense	-	-	-	-	(7.0)	(7.0)
Transactions with owners:						
Dividends on equity shares	-	-	-	-	(191.5)	(191.5)
Own shares purchased	-	-	-	-	(1.2)	(1.2)
Share-based payments (net of tax)	-	-	-	-	6.8	6.8
Balance at 30 June 2023	**31.9**	**25.6**	**236.5**	**276.8**	**2,785.3**	**3,356.1**
Year ended 31 December 2023:						
Balance at 1 January 2023	**31.9**	**25.6**	**236.5**	**276.8**	**2,868.5**	**3,439.3**
Profit for the year	-	-	-	-	255.4	255.4
Other comprehensive expense	-	-	-	-	(25.3)	(25.3)
Transactions with owners:						
Dividends on equity shares	-	-	-	-	(255.4)	(255.4)
Own shares purchased	-	-	-	-	(1.2)	(1.2)
Share-based payments	-	-	-	-	5.7	5.7
Balance at 31 December 2023	**31.9**	**25.6**	**236.5**	**276.8**	**2,847.7**	**3,418.5**

PERSIMMON PLC
Condensed Consolidated Cash Flow Statement
For the six months to 30 June 2024 (unaudited)

	Note	**Six months to 30 June 2024 £m**	Six months to 30 June 2023 £m	Year to 31 December 2023 £m
Cash flows from operating activities:				
Profit for the period		**110.7**	109.7	255.4
Tax charge	5	**35.6**	41.3	96.4
Finance income		**(5.6)**	(11.2)	(19.7)
Finance costs		**8.7**	6.6	14.8
Depreciation charge		**9.8**	8.6	18.7
Impairment of intangible assets		**0.9**	5.8	7.6
Exceptional items (non-cash)		**2.0**	-	-
Profit on disposal of assets		**(0.3)**	-	-
Share-based payment charge		**6.7**	6.6	4.5
Net imputed interest expense		**(4.0)**	(4.4)	(8.7)
Other non-cash items		**0.2**	(7.7)	(8.9)
Cash inflow from operating activities		**164.7**	155.3	360.1
Movement in working capital:				
Increase in inventories		**(93.6)**	(240.7)	(235.3)
Decrease in trade and other receivables		**21.5**	72.0	37.5
Decrease in trade and other payables		**(81.6)**	(252.5)	(233.6)
Decrease in shared equity loan receivables		**1.9**	2.8	5.7
Cash generated/(absorbed) from operations		**12.9**	(263.1)	(65.6)
Interest paid		**(4.6)**	(2.2)	(4.3)
Interest received		**3.0**	7.8	11.7
Tax paid		**(44.5)**	(20.7)	(71.6)
Net cash outflow from operating activities		**(33.2)**	(278.2)	(129.8)
Cash flows from investing activities:				
Investment in an associate		**-**	(0.7)	(0.7)
Acquisition of loan notes		**(17.5)**	(6.8)	(6.8)
Purchase of property, plant and equipment		**(13.6)**	(20.3)	(36.4)
Proceeds from sale of property, plant and equipment		**0.6**	0.4	1.0
Net cash outflow from investing activities		**(30.5)**	(27.4)	(42.9)
Cash flows from financing activities:				
Lease capital payments		**(1.7)**	(2.0)	(3.0)
Payment of Partnership liability		**(4.6)**	(4.3)	(4.3)
Bank fees paid		**-**	-	(4.9)
Own shares purchased		**-**	(1.2)	(1.2)
Share options consideration		**0.1**	-	-
Dividends paid	7	**-**	(191.5)	(255.4)
Net cash outflow from financing activities		**(6.2)**	(199.0)	(268.8)
Decrease in net cash and cash equivalents	12	**(69.9)**	(504.6)	(441.5)
Cash and cash equivalents at the start of the period		**420.1**	861.6	861.6
Cash and cash equivalents at the end of the period	12	**350.2**	357.0	420.1

Notes

1. Basis of preparation

The half year condensed financial statements for the six months to 30 June 2024 have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and with UK adopted International Accounting Standard ("IAS") 34 Interim Financial Reporting. The half year financial statements are unaudited but have been reviewed by the auditors whose report is set out at the end of this report. This report should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2023, which have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and UK adopted IFRS.

The comparative figures for the financial year ended 31 December 2023 are not the company's statutory accounts for that financial year. Those accounts have been reported on by the company's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2023, as described in those financial statements.

The following relevant UK endorsed new amendments to standards are mandatory for the first time for the financial year beginning 1 January 2024:

- Amendments to IAS 1 Presentation of Financial Statements
- Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements
- Amendments to IFRS 16 Lease Liability in a Sale and Leaseback

The effects of the implementation of these amendments have been limited to disclosure amendments where applicable.

The Group has not applied the following new amendments to standards which are endorsed but not yet effective:

- Amendments to IAS 21 Lack of Exchangeability

The Group is currently considering the implication of these amendments with the expected impact upon the Group being limited to disclosures if applicable.

Going concern

The Group's performance in the six months ended 30 June 2024 was in line with the Board's expectations. Persimmon's long-term strategy, which recognises the risks associated with the housing cycle by maintaining operational flexibility, investing in high quality land, minimising financial risk and deploying capital at the right time in the cycle, has equipped the business with strong liquidity and a robust balance sheet.

The Group delivered 4,445 new homes (2023: 4,249) and generated profit before tax of £146.3m (2023: £151.0m) in the period. At 30 June 2024, the Group had a strong balance sheet with £350.2m of cash (2023: £357.0m), high quality land holdings and land creditors of £317.2m (December 2023: £372.0m). The Group has a Revolving Credit Facility of £700m which was extended by a further year during the period out to 5 July 2029. The facility was undrawn at 30 June 2024.

The Group's forward order book, including legal completions recognised in the second half, stands at c.£1.7bn.

The Directors have reviewed the Group's principal risks, see note 15 of this announcement, and determined that there was one new principal risk facing the business to those disclosed in the financial statements for the year ended 31 December 2023. The Directors considered the impact of these risks on the going concern of the business when approving these full year financial statements for the Group.

Given the Group's trading performance during the first six months of the year together with its robust sales rates and forward sales position, the Directors believe that the comprehensive review performed for the viability statement included in the Group's Annual Report 2023 remains relevant and valid.

The Directors consider the going concern assessment to be to 31 December 2025 and includes severe but plausible scenarios materialising together with the likely effectiveness of mitigating actions that would be executed by the Directors.

Starting from the position at 30 June 2024, the scenarios emphasise the potential impact of severe market disruption, including for example the effect of economic disruption from a cost-of-living crisis or a war, on short to medium-term demand for new homes. The scenarios' emphasis on the impact on the cash inflows of the Group through reduced new home sales is designed to allow the examination of the extreme cash flow consequences of such circumstances occurring. The Group's cash flows are less sensitive to supply side disruption given the Group's sustainable business model, flexible operations, agile management team and off-site manufacturing facilities.

The Directors have also considered a 'Reverse Stress Test' to demonstrate the point at which the Group runs out of liquid funds or breaches covenants but note the likelihood of this is less than remote.

Having considered the inherent strength of the UK housing market, the resilience of the Group's average selling prices and the Group's scenario analysis, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these condensed consolidated half year financial statements.

Goodwill and brand intangibles

The key sources of estimation uncertainty in respect of goodwill and brand intangibles are disclosed in note 14 of the Group's annual financial statements for the year ended 31 December 2023, other than set out below no trigger events have been identified.

The goodwill allocated to the Group's acquired strategic land holdings is further tested by reference to the proportion of legally completed plots in the period compared to the total plots which are expected to receive satisfactory planning permission in the remaining strategic land holdings, taking account of historic experience and market conditions. This review resulted in an underlying impairment charge of £0.9m recognised during the period. This impairment charge reflects ongoing consumption of the acquired strategic land holdings and is consistent with prior years.

Investments in associates

During the period, the Group acquired £17.5m of interest bearing long-term loan notes from TopHat Enterprises Limited in January 2024. As at the 30 June 2024, a review of both the investment of £0.7m and the £24.3m of long-term loan notes was undertaken and the value was written down to £nil. The write down being due to a re-assessment of risks within the modular build sector.

2. Segmental analysis

The Group has only one reportable operating segment, being housebuilding within the UK, under the control of the Executive Board. The Executive Board has been identified as the Chief Operating Decision Maker as defined under IFRS 8 Operating Segments.

3. Revenue

	Six months to 30 June 2024	Six months to 30 June 2023	Year to 31 December 2023
	£m	£m	£m
Revenue from the sale of new housing - private	**1,054.7**	946.0	2,195.1
Revenue from the sale of new housing - housing association	**115.6**	143.6	342.5
Revenue from the sale of new housing - total	**1,170.3**	1,089.6	2,537.6
Revenue from the sale of part exchange properties	**138.9**	93.3	223.7
Revenue from the provision of internet services	**7.3**	5.6	11.9
Revenue from the sale of goods and services as reported in the statement of comprehensive income	**1,316.5**	1,188.5	2,773.2

4. Exceptional Items

During the period the Group recognised an exceptional charge of £25.0m in relation to its investment and long-term loan notes in TopHat Enterprises Limited which writes down the value of the investment and long-term loan notes to £nil. The write down being due to a re-assessment of risks within the modular build sector.

There has also been an exceptional release of £23.0m in relation to the anticipated costs of the Group's commitments to support leaseholders in buildings we had developed with the costs of removal of combustible cladding and other fire related remediation works. Further detail on this matter is provided in note 10 to this announcement.

Both items have been disclosed as exceptional due to the non-recurring nature and scale of the charge to aid understanding of the financial performance of the Group and to assist in the comparability of financial performance between accounting periods.

5. Tax

Analysis of the tax charge for the period

	Six months to 30 June 2024	Six months to 30 June 2023	Year to 31 December 2023
	£m	£m	£m
Tax charge comprises:			
UK corporation tax in respect of the current period	**35.8**	35.6	81.2
RPDT in respect of the current year	**6.5**	5.5	13.0
Adjustments in respect of prior years	**(7.8)**	-	(0.2)
	34.5	41.1	94.0
Deferred tax relating to origination and reversal of temporary differences	**1.1**	0.6	2.8
Impact of introduction of RPDT on deferred tax	**-**	(0.4)	-
Adjustments recognised in the current year in respect of prior years' deferred tax	**-**	-	(0.4)
	1.1	0.2	2.4
Tax charge for the year recognised in Statement of Comprehensive Income	**35.6**	41.3	96.4

The tax charge for the period of £35.6m includes a tax charge of £0.6m relating to the exceptional items detailed in Note 4.

The tax charge for the period can be reconciled to the accounting profit as follows:

	Six months to 30 June 2024	Six months to 30 June 2023	Year to 31 December 2023
	£m	£m	£m
Profit from continuing operations	**146.3**	151.0	351.8
Tax calculated at UK corporation tax rate (inclusive of RPDT)	**42.4**	41.5	96.7
Accounting base cost not deductible for tax purposes	**-**	-	-
Goodwill impairment losses that are not deductible	**0.2**	0.8	1.8
Expenditure not allowable for tax purposes	**0.3**	0.5	0.9
Introduction of RPDT	**-**	(0.2)	-
Impact of RPDT on deferred tax	**0.1**	-	-
Items not deductible for RPDT	**0.7**	(0.5)	(0.6)
Enhanced tax reliefs	**(0.5)**	(0.8)	(1.8)
Adjustments in respect of prior years	**(7.8)**	-	(0.6)
Non-deductible impairment provision	**0.2**	-	-
Tax charge for the period recognised in Statement of Comprehensive Income	**35.6**	41.3	96.4

The tax charge for the period includes both current and deferred tax. The tax charge is based upon the expected tax rate for the full year, which is applied to taxable profits for the period, together with any charge or credit in respect of prior years and the tax impact of one-off/non-recurring items arising in the same period. Current tax includes both UK corporation tax and the Residential Property Developer Tax (RPDT).

Deferred tax is calculated as the tax payable or recoverable in future accounting periods in respect of temporary differences which may be taxable or allowed as deductible. Temporary differences represent the difference between the carrying amount of an asset or liability in the financial statements and the relevant tax base.

The effective rate of tax for the period was 24.3% which was lower than in previous periods (31 December 2023: 27.4%; 30 June 2023: 27.4%) as a result of credits in respect of prior years and the tax impact of one-off/non-recurring items arising in the same period. We expect the full year 31 December 2024 effective tax rate to be around 27.3% and closer to the rate reported in 2023.

Deferred tax recognised in other comprehensive expense

	Six months to 30 June 2024	Six months to 30 June 2023	Year to 31 December 2023
	£m	£m	£m
Recognised on re-measurement charges on pension schemes	**-**	(2.7)	(9.8)

Tax recognised directly in equity

	Six months to 30 June 2024	Six months to 30 June 2023	Year to 31 December 2023
	£m	£m	£m
Arising on transactions with equity participants			
Current tax related to equity settled transactions	**-**	(0.1)	(0.6)
Deferred tax related to equity settled transactions	**(0.1)**	(0.1)	(0.7)
	(0.1)	(0.2)	(1.3)

UK adoption of OECD Pillar 2: There is no impact from the implementation of the UK's domestic top-up tax, as the Group does not have any profits arising in any entities which are located in a non-UK jurisdiction and which are taxed below the minimum rate of tax of 15%.

6. Earnings per share

Basic earnings per share is calculated by dividing the profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period (excluding those held in the employee benefit trust) which were 319.4m (June 2023: 319.2m; December 2023: 319.2m).

Diluted earnings per share is calculated by dividing the profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares in issue adjusted to assume conversion of all potentially dilutive ordinary shares from the start of the period, giving a figure of 322.3m (June 2023: 321.7m; December 2023: 321.0m).

Underlying earnings per share excludes the net exceptional charge and goodwill impairment. The earnings per share from continuing operations were as follows:

	Six months to 30 June 2024	Six months to 30 June 2023	Year to 31 December 2023
Basic earnings per share	**34.7p**	34.4p	80.0p
Underlying basic earnings per share	**35.7p**	36.2p	82.4p
Diluted earnings per share	**34.3p**	34.1p	79.5p
Underlying diluted earnings per share	**35.4p**	35.9p	81.9p

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

	Six months to 30 June 2024	Six months to 30 June 2023	Year to 31 December 2023
	£m	£m	£m
Underlying earnings attributable to shareholders	**114.2**	115.5	263.0
Exceptional items (net of tax)	**(2.6)**	-	-
Goodwill impairment	**(0.9)**	(5.8)	(7.6)
Earnings attributable to shareholders	**110.7**	109.7	255.4

At 30 June 2024 the issued share capital of the Company was 319,441,898 ordinary shares (30 June 2023: 319,419,494; 31 December 2023: 319,421,416 ordinary shares).

7. Dividends

	Six months to 30 June 2024	Six months to 30 June 2023	Year to 31 December 2023
	£m	£m	£m
Amounts recognised as distributions to capital holders in the period:			
2022 dividend to all shareholders of 60p per share paid 2023	**-**	191.5	191.5
2023 dividend to all shareholders of 20p per share paid 2023	**-**	-	63.9
2023 dividend to all shareholders of 40p per share paid July 2024	**127.9**	-	-
Total capital return to shareholders	**127.9**	191.5	255.4

On 12 July 2024, 40p per share (or £127.9m) of capital was returned to shareholders as a final cash dividend in respect of the financial year 2023 which was approved by shareholders at the AGM on 25 April 2024. This has been accrued for in the half year results.

8. Inventories

	30 June 2024	30 June 2023	31 December 2023
	£m	£m	£m
Land	**2,103.6**	2,090.5	2,103.5
Work in progress	**1,511.8**	1,476.9	1,431.3
Part exchange properties	**122.4**	85.8	114.6
Showhouses	**57.6**	51.9	51.8
	3,795.4	3,705.1	3,701.2

The Group has conducted a review of the net realisable value of its land and work in progress portfolio at 30 June 2024. Our approach to this review has been consistent with that conducted at 31 December 2023 and was fully disclosed in the financial statements for the year ended on that date. This review gave rise to an impairment of land and work in progress of £nil (2023: £13.7m). The key judgements and estimates in determining the future net realisable value of the Group's land and work in progress portfolio are future sales prices, house types and costs to complete the developments. Sales prices and costs to complete were estimated on a site by site basis. If the UK housing market were to improve or deteriorate in the future then further adjustments to the carrying value of land and work in progress may be required.

Net realisable value provisions held against inventories at 30 June 2024 were £18.8m (30 June 2023: £5.3m; 31 December 2023: £18.9m). Following the review, £27.4m of inventories are valued at fair value less costs to sell rather than historical cost (30 June 2023: £2.4m; 31 December 2023: £27.4m).

9. Shared equity loan receivables

	Six months to 30 June 2024	Six months to 30 June 2023	Year to 31 December 2023
	£m	£m	£m
Shared equity loan receivable at start of period	**32.1**	36.0	36.0
Settlements	**(1.9)**	(2.7)	(5.7)
Gains	**0.5**	0.8	1.8
Shared equity loan receivable at end of period	**30.7**	34.1	32.1

All gains/losses have been recognised through finance income in the Statement of Comprehensive Income for the period of which £nil was unrealised (June 2023: £0.2m; December 2023: £0.2m).

10. Legacy buildings provision

	Six months to 30 June 2024	Six months to 30 June 2023	Year to 31 December 2023
	£m	£m	£m
Legacy buildings provision at start of period	**283.2**	333.3	333.3
Imputed interest on provision in the period	**3.0**	2.2	4.3
Provision released in the period	**(23.0)**	(6.6)	(6.6)
Provision utilised in the period	**(24.7)**	(16.5)	(47.8)
Legacy buildings provision at end of period	**238.5**	312.4	283.2

In 2020 the Group made an initial commitment that no leaseholder living in a building we had developed should have to cover the cost of removal of combustible cladding. During 2022 we signed the Building Safety Pledge (England) and worked constructively with the Government to agree the 'Long-Form Contract' that turned the pledge into a legal agreement. The Self Remediation Contract was signed on 13 March 2023.

In the period we have been informed by a management company of a potential liability for fire remediation costs, and we have added 1 development to the total number. The number of developments we are now responsible for stands at 83, of which 39 have now either secured EWS1 certificates or concluded any necessary works. It is assumed the majority of the work will be completed over the next 24 months and the amount provided for has been discounted accordingly.

During the period £24.7m of the provision has been utilised for works undertaken whilst £3.0m of imputed interest has been charged to the Statement of Comprehensive Income through finance costs. During the period £23.0m of the provision has been released following a review of the projected costs to complete rectification work, which includes the recoverability of VAT applicable to such costs. Due to the non-recurring nature of these changes they have been disclosed as exceptional items to support the understanding of financial performance and improve the comparability between reporting periods.

The assessment of the provision remains a highly complex area with judgments and estimates in respect of the cost of the remedial works, with investigative surveys ongoing to determine the full extent of those required works. Where remediation works have not yet been fully tendered we have estimated the likely scope and costs of such works based on experience of other similar sites. Whilst we have exercised our best judgement of these matters, there remains the potential for variations to this estimate from multiple factors such as material, energy and labour cost inflation, limited qualified contractor availability and abnormal works identified on intrusive surveys. Should a 20% variation in the costs of untendered projects occur then the overall provision would vary by +/- £15.8m.

The financial statements have been prepared on the latest available information; however, there remains the possibility that, despite management's endeavours to identify all such properties, including those constructed by acquired entities well before acquisition, further developments requiring remediation may emerge.

11. Financial instruments

In aggregate, the fair value of financial assets and liabilities are not materially different from their carrying value.

Financial assets and liabilities carried at fair value are categorised within the hierarchical classification of IFRS 7 Revised (as defined within the standard) as follows:

	30 June 2024 Level 3	30 June 2023 Level 3	31 December 2023 Level 3
	£m	£m	£m
Shared equity loan receivables	**30.7**	34.1	32.1

Shared equity loan receivables

Shared equity loan receivables represent loans advanced to customers secured by way of a second charge on their new home. They are carried at fair value. The fair value is determined by reference to the rates at which they could be exchanged by knowledgeable and willing parties. Fair value is determined by discounting forecast cash flows for the residual period of the contract by a risk adjusted rate.

There exists an element of uncertainty over the precise final valuation and timing of cash flows arising from these assets. As a result, the Group has applied 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.

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, weighted average duration of the loans from inception to settlement of ten years (2023: ten years) and a discount rate of 8.8% (June 2023: 7%; December 2023: 8.8%) based on current observed market interest rates offered to private individuals on secured second loans.

The discounted forecast cash flow calculation is dependent upon the estimated future value of the properties on which the shared equity loans are secured. Adjustments to this input, which might result from a change in the wider property market, would have a proportional impact upon the fair value of the asset. Furthermore, whilst not easily accessible in advance, the resulting change in security value may affect the credit risk associated with the counterparty, influencing fair value further.

12. Reconciliation of net cash flow to net cash and analysis of net cash

	Six months to 30 June 2024	Six months to 30 June 2023	Year to 31 December 2023
	£m	£m	£m
Net cash at start of period	**420.1**	861.6	861.6
Decrease in net cash equivalents in cash flow	**(69.9)**	(504.6)	(441.5)
Net cash at end of period	**350.2**	357.0	420.1

Net cash is defined as cash and cash equivalents, bank overdrafts and interest bearing borrowings. At 30 June 2024, £1.9m (June 2023: £9.8m, December 2023: £nil) of cash recognised was held at third party solicitors with an undertaking.

The Group has a Revolving Credit Facility of £700m which was extended by a further year during the period out to 5 July 2029. The facility was undrawn at 30 June 2024.

13. Retirement benefit assets

As at 30 June 2024 the Group operated five employee pension schemes, being three Group personal pension schemes and two defined benefit pension schemes. Re-measurement gains and losses in the defined benefit schemes are recognised in full as other comprehensive income within the consolidated statement of comprehensive income. All other pension scheme costs are reported in profit or loss.

The amounts recognised in the consolidated statement of comprehensive income are as follows:

	Six months to 30 June 2024	Six months to 30 June 2023	Year to 31 December 2023
	£m	£m	£m
Current service cost	**0.2**	0.5	0.9
Administrative expense	**0.2**	0.1	0.6
Curtailment cost	**0.1**	-	-
Pension cost recognised as operating expense	**0.5**	0.6	1.5
Interest income on net defined benefit asset	**(2.8)**	(3.6)	(7.4)
Pension cost recognised as a net finance credit	**(2.8)**	(3.6)	(7.4)
Total defined benefit pension income recognised in profit or loss	**(2.3)**	(3.0)	(5.9)
Re-measurement loss recognised in other comprehensive expense	**0.3**	9.7	35.1
Total defined benefit scheme (gain)/loss recognised	**(2.0)**	6.7	29.2

The amounts included in the balance sheet arising from the Group's obligations in respect of the Pension Scheme are as follows:

	30 June 2024	30 June 2023	31 December 2023
	£m	£m	£m
Fair value of pension scheme assets	**529.6**	535.1	552.7
Present value of funded obligations	**(400.4)**	(385.7)	(425.6)
Net pension asset	**129.2**	149.4	127.1

The increase in the net pension asset to £129.2m (June 2023: £149.4m; December 2023: £127.1m) is due to an increase in the discount rate assumption applied to scheme obligations to 5.1% (December 2023: 4.5%) which has been partially offset by the underperformance asset returns when compared to the standard expected returns at the start of the year.

During the period, the Persimmon Plc Pension & Life Assurance scheme has been closed to future accrual.

14. Contingent liability

As disclosed in note 10 the Group has undertaken a review of all of its legacy buildings that used cladding on their facades.

The financial statements have been prepared on the latest available information; however, there remains the possibility that, despite management's, endeavours to identify all such properties, including those constructed by acquired entities well before acquisition, further developments requiring remediation may emerge. There is also the possibility that estimates based on preliminary assessments regarding the scale of remediation works relating to buildings yet to be fully surveyed may prove incorrect. The cost of remedial works will remain under review and be updated as works progress.

In February 2024 the Competition and Markets Authority ('CMA') announced an investigation into eight housebuilders under the Competition Act 1998 regarding the sharing of information. We continue to co-operate constructively with the CMA in this enquiry and await their conclusions. The potential impact, if any, and timing is not yet known.

15. Principal risks

The principal risks that could substantially affect the Group's business and results were previously reported on pages 69 to 75 of the 2023 Annual Report and Accounts. During the period, the Board has continued to monitor these risks and have identified one new risk, Financing and liquidity, which is detailed below. The remaining risks and the assessment of them are unchanged.

Financing and liquidity

Residual risk rating	Medium
Risk trend assessment	
- Overall	New
- Impact	New
- Likelihood	New
Risk owners and accountability	Group CFO Group Financial Controller Senior Group Accountant
Link to key priorities	3 and 4

Risk description

The Group's strategy requires access to significant working capital to fund investments in land and work in progress. At times, the Group will draw on its Revolving Credit Facility (RCF) to provide this working capital.

Failure to manage cash requirements effectively could lead to unnecessarily high borrowing costs, breaches of loan covenants, or an inability to take advantage of land or other investment opportunities that could benefit the Group.

Approach to risk mitigation

The Group closely monitors its cash position and forecast cash utilisation to ensure these are sufficient to support land investments and fund work in progress.

Investment decisions in land are subject to comprehensive appraisal under the supervision of the Land Committee. Work in progress is tightly controlled through the bi-monthly valuation process.

The Group's RCF is considered sufficient to meet all our projected funding requirements in the short to medium term. The RCF was extended during the period and now runs to July 2029, with an option to request an extension for a further year. Covenants on the RCF are monitored and subject to periodic certification.

How we monitor the risk

- Utilisation of the RCF and optimisation of cash deposits is monitored daily by the Group Finance team.
- The Board is provided with routine reporting on the Group's actual and forecast cash positions.

Statement of Directors' responsibilities in respect of the Half Year Report

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with UK adopted International Accounting Standard ("IAS") 34 Interim Financial Reporting
- the Half Year Report includes a fair review of the information required by:
  - DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

The Directors of Persimmon Plc and their function are listed below:

Roger Devlin	Chairman
Dean Finch	Group Chief Executive
Andrew Duxbury	Chief Financial Officer
Nigel Mills	Senior Independent Director
Annemarie Durbin	Non-Executive Director
Andrew Wyllie	Non-Executive Director
Shirine Khoury-Haq	Non-Executive Director
Alexandra Depledge	Non-Executive Director
Colette O'Shea	Non-Executive Director

By order of the Board

Dean Finch	**Andrew Duxbury**
Group Chief Executive	Chief Financial Officer

7 August 2024

The Group's annual financial reports, half year reports and trading updates are available from the Group's website at www.persimmonhomes.com/corporate.

INDEPENDENT REVIEW REPORT TO PERSIMMON PLC

Conclusion

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 which comprises the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Balance Sheet, the Condensed Consolidated Statement of Changes in Shareholders' Equity, the Condensed Consolidated Cash Flow Statement and the related notes 1 to 15. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusions Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis of Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE, however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Victoria Venning
Ernst & Young LLP
Manchester
7 August 2024