This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

CREST NICHOLSON HOLDINGS PLC

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 APRIL 2022

FY22 EARNINGS GUIDANCE UPGRADED

CONTINUED STRONG TRADING AND PROFIT MARGIN GROWTH

NEW SCIENCE-BASED SUSTAINABILITY TARGETS ANNOUNCED

Crest Nicholson Holdings plc (‘Crest Nicholson’, the ‘Company’ or the ‘Group’) today announces its unaudited interim results for the six months ended 30 April 2022:

HY22 Financial Highlights

- Revenue increased 12.3% to £364.3m (HY21: £324.5m), reflecting strong operating performance and underlying strength of the housing market
- Home completions increased 7.8% to 1,096 (HY21: 1,017), comprising open market completions (including bulk deals) of 912 (HY21: 819) and affordable completions of 184 (HY21: 198). Sales per outlet week (SPOW) of 0.72 (HY21: 0.69) with average outlets at 58 (HY21: 57)
- Forward sales as at 10 June 2022 of 2,891 units and £814.9m Gross Development Value (GDV) (18 June 2021: 2,771 units and £691.8m GDV) with over 96% of FY22 revenue covered
- Adjusted operating profit margin[1] increased by 270bps to 15.0% (HY21: 12.3%), demonstrating good progress in our profit margin recovery
- Adjusted profit before tax[1] at £52.5m (HY21: £36.1m)
- Loss before tax at £52.5m (HY21: £36.3m profit before tax). Loss after tax at £42.2m (HY21: profit after tax £29.0m), after an exceptional charge before tax of £105.0m which includes our obligations in respect of the Government’s Building Safety Pledge
- Strong cash generation with net cash[2] at £173.3m (HY21: £130.4m)
    - Average net cash of £98.6m during the first half (HY21: £80.5m)
    - Land creditors at £179.9m (HY21: £178.5m)
- Return on capital employed[3] at 18.3% (HY21: 10.5%)
- Interim dividend declared of 5.5 pence per share, in line with dividend policy at 2.5x cover
- FY22 adjusted profit before tax[1] expected to be in the range of £135–140m

1 Adjusted items represent the HY22 and HY21 statutory figures adjusted for exceptional items as disclosed in note 5 to the condensed consolidated half year financial statements. Adjusted performance metrics are disclosed on pages 30 to 31. These alternatives (non-statutory) performance measures, which are not necessarily better than statutory measures, have been disclosed as the Directors believe this assists in better understanding the performance of the Group, which is how the Directors internally manage the business.

2 Net cash is defined as cash and cash equivalents less interest-bearing loans and borrowings. See note 14 to the condensed consolidated half year financial statements.

3 Return on capital employed equals rolling 12 month adjusted operating profit before joint ventures divided by the average of opening and closing capital employed over the same 12 months (capital employed = equity shareholders’ funds plus net borrowing or less net cash). Adjusted performance metrics are disclosed on pages 30 to 31.

CREST NICHOLSON HOLDINGS PLC
UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 APRIL 2022

HY22 Strategic Highlights

Strong progress on all elements of our strategy:

- Retained Home Builders Federation (HBF) five-star rating for customer satisfaction
- Successful roll out of new house types with over 7,400 units now plotted in the short-term land portfolio (HY21: 6,700). We expect 75% of our private open market houses will be delivered using this range in FY22
- Continued investment for growth in a competitive land market:
    - 1,543 plots approved for purchase at a forecast gross margin of 26.8% after sales and marketing costs
    - 2,204 plots added to short-term portfolio in the first half
- The Group has continued to optimise its land portfolio by disposing of its 50% share in the joint venture containing the London Chest Hospital site in East London in May 2022. The transaction will realise £16.0m of consideration and has resulted in a £2.3m net impairment charge in the first half. The scheme was forecast to be unprofitable for the Group and would have accrued significant work-in-progress during its construction phase
- Expansion plans are progressing well:
    - Yorkshire office now open in Leeds with several key team appointments in place and two sites approved for purchase
    - East Anglia division is set to be established in second half with two sites now acquired

Sustainability

In 2020 we set out challenging targets to reduce greenhouse gas (GHG) emissions intensity by 25%, waste intensity by 15% and increase renewable electricity procurement to 100%, all by 2025. We continue to make good progress against these targets.

New science-based sustainability targets

We are stepping up our ambitions to reduce the Group's carbon footprint and are setting out new science-based targets. These are designed to achieve net-zero by 2045 and have been submitted to the Science Based Targets initiative for validation. Our new targets are:

- Reduce absolute scope 1 and 2 GHG emissions 60% by 2030 from a 2019 base year
- Reduce scope 3 GHG emissions intensity by 55% by 2030 from a 2019 base year
- Reach net-zero GHG emissions across the value chain (scopes 1, 2 and 3) by 2045

CREST NICHOLSON HOLDINGS PLC
UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 APRIL 2022

Key financial metrics

£m (unless otherwise stated)	HY22	HY21	% Change
Key financial results			
Home completions	1,096	1,017	7.8
Revenue	364.3	324.5	12.3
Adjusted gross profit[1]	77.5	63.3	22.4
Adjusted gross profit margin[1]	21.3%	19.5%	+180bps
Adjusted operating profit[1]	54.5	40.0	36.3
Adjusted operating profit margin[1]	15.0%	12.3%	+270bps
Adjusted profit before tax[1]	52.5	36.1	45.4
Adjusted profit after tax[1]	40.4	28.8	40.3
Exceptional items net of income tax	(82.6)	0.2	
Net cash[2]	173.3	130.4	32.9
Gross (loss)/profit	(27.5)	63.0	(143.7)
Gross (loss)/profit margin	(7.5)%	19.4%	-2690bps
Operating (loss)/profit	(50.5)	39.7	(227.2)
Operating (loss)/profit margin	(13.9)%	12.2%	-2610bps
(Loss)/profit before tax	(52.5)	36.3	(244.6)
(Loss)/profit after tax	(42.2)	29.0	(245.5)
Adjusted basic earnings per share (p)[1]	15.7	11.2	40.2
Basic (loss)/earnings per share (p)	(16.5)	11.3	(246.0)
Dividend per share (p)	5.5	4.1	34.1

1 Adjusted items represent the HY22 and HY21 statutory figures adjusted for exceptional items as disclosed in note 5 to the condensed consolidated half year financial statements. Adjusted performance metrics are disclosed on pages 30 to 31. These alternatives (non-statutory) performance measures, which are not necessarily better than statutory measures, have been disclosed as the Directors' believe this assists in better understanding the performance of the Group, which is how the Directors internally manage the business.

2 Net cash is defined as cash and cash equivalents less interest-bearing loans and borrowings. See note 14 to the condensed consolidated half year financial statements.

Peter Truscott, Chief Executive, commented:

We are delighted to have delivered a strong first half performance, making further strategic and operational progress. Given this underlying momentum and the resilient housing market we are upgrading our full-year adjusted profit before tax expectations to a range of £135–140m.

We are pleased to have reached a resolution with the Government by signing the Building Safety Pledge. We hope this now provides comfort and assurance to affected residents and stakeholders. It also allows the Group to move forward in remediating the affected buildings directly or through another party as soon as possible.

Despite the unpredictable global, economic and political outlook, we remain optimistic about the fundamentals of the UK housing market and are confident in the skill and determination of Crest Nicholson colleagues to manage and adapt to these challenges. We are firmly focused on delivering our ambitious growth strategy and ensuring as many customers as possible can benefit from living in a new Crest Nicholson home.

CREST NICHOLSON HOLDINGS PLC
UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 APRIL 2022

Analyst and investor conference call and webcast

There will be an analyst presentation in person and via webcast, hosted by Peter Truscott, Chief Executive and Duncan Cooper, Group Finance Director, at 9.00 a.m. today. To join the presentation, please use the following link:

https://www.investis-live.com/crest-nicholson_interim results 2022

There is also a facility to join the presentation and Q&A session via a conference call. Participants should dial **+44 (0)20 3936 2999** and use confirmation code **074927.** A playback facility will be available shortly after the presentation has finished. For further information, please contact:

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The person responsible for arranging the release of this announcement on behalf of the Company is Kevin Maguire, General Counsel and Company Secretary.

Cautionary statement regarding forward-looking statements

This release may include statements that are, or may be deemed to be, ‘forward-looking statements’. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms ‘believes’, ‘estimates’, ‘plans’, ‘projects’, ‘anticipates’, ‘expects’, ‘intends’, ‘may’, ‘will’ or ‘should’ or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this release and include, but are not limited to, statements regarding the Group's intentions, beliefs or current expectations concerning, among other things, the Group's results of operations, financial position, liquidity, prospects, growth, strategies and expectations of the industry.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the development of the markets and the industry in which the Group operates may differ materially from those described in, or suggested by, any forward-looking statements contained in this release. In addition, even if the development of the markets and the industry in which the Group operates are consistent with the forward-looking statements contained in this release, those developments may not be indicative of developments in subsequent periods. A number of factors could cause developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation, general economic and business conditions, industry trends, competition, commodity prices, changes in law or regulation, changes in its business strategy, political and economic uncertainty. Save as required by the Listing and Disclosure Guidance and Transparency Rules, the Company is under no obligation to update the information contained in this release. Past performance cannot be relied on as a guide to future performance.

CREST NICHOLSON HOLDINGS PLC
UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 APRIL 2022

Chief Executive Statement

Business Overview – strong first half results

We are pleased to report an excellent operational and financial performance in the first half. We set out our plans to turnaround the Group in January 2020 and we have subsequently established an efficient operating platform, supported by a strong balance sheet. Our geographical expansion in Yorkshire and East Anglia is on track and our year-to-date forward order book positions us well to deliver a strong full year financial performance.

Reassuringly, there is now greater clarity around the Government's requirements of us and the wider sector concerning historic building safety issues, and the costs related to remediate these. In April 2022 we signed the Government's Building Safety Pledge (the Pledge), which we believe is in the best interests of the Group, taking further steps to support those living in affected buildings. The Pledge sets out our commitment to address life-critical fire-safety issues on all buildings of 11 metres and above in England developed by the Group in the 30 years prior to 5 April 2022. In addition, the Group agreed that the Government's Building Safety Fund will not be used to remediate those buildings and to reimburse any amounts already paid by the Building Safety Fund.

Sustainability is one of the foundations of our business strategy and we continue to embed responsible practices throughout our operations. We have made good progress in reducing our scope 1 and 2 greenhouse gas (GHG) emissions and I am pleased to announce that we have submitted new, challenging GHG reduction targets to the Science Based Targets initiative for validation.

Trading

The Group has performed well in the first half, in line with our expectations. Customer demand for our homes is strong across all regions reflecting the continued strength of the UK housing market. Our developments are often located in areas which benefit from the structural change that has occurred between the balance of office and home working since COVID-19. We continue to see this rationale being cited by customers in their reasons for moving home. Our SPOW rate remains strong at 0.72 (HY21: 0.69) and completions are up by 7.8% at 1,096 units (HY21: 1,017). No one in the construction sector is immune from the current impacts of input cost inflation. However, we are managing to successfully offset this with sales price inflation in a market with strong demand and relatively poor levels of supply. Finally, the tapering off of Help to Buy, which is due to end in April 2023, has had no measurable impact on our sales rate to date.

As of 10 June 2022 our order book is over 96% covered for FY22 revenue providing good visibility and confidence in meeting our revenue targets for the current financial year.

Operational efficiency

We continue to make good progress in delivering efficiency across all aspects of our operations. Despite some of the ongoing challenges in materials and labour availability, we have managed to maintain our build rate in line with expectations in the first half. The new house type range roll out is on track and we expect 75% of our private open market houses will be delivered using this range in 2022. Moving to these standardised house types has been strongly vindicated in an environment of labour and material shortages.

We continue to seek opportunities to replan our sites. Plotting efficiency is an ongoing process to maintain flexibility in our product offerings and to optimise the value of the developments. Replans and replotting will continue to bring positive benefits in coverage while also enhancing the returns from these investments.

We remain highly disciplined in managing our build costs, overheads and work-in-progress. Our overheads remain appropriately sized for the Group's operations today. As we open our new divisions, we will need to make further investments both locally and centrally as the size of our overall operations increases. On 6 May 2022 we sold our 50% share in our joint venture with Clarion Housing Group containing the London Chest Hospital development in East London. While we have realised a small impairment loss on our investment in this asset, we will productively recycle the consideration into the types of investments and housing types that fit with our strategy.

Maintaining an efficient operating platform will remain a key focus, underpinning our margin recovery plan as the impact of older sites diminish and the benefit of new land purchases at a higher margin takes effect.

Build cost and supply chain

The UK construction environment is experiencing disruption to materials availability and inflationary pressures on pricing. There are several factors contributing to this; the rapid reopening of construction activity after COVID-19 lockdown restrictions were lifted, coupled with more recent lockdown restrictions still being in place in some countries; the volume of large construction and infrastructure projects creating demand such as HS2 rail; the disruption to raw material supply from Ukraine and the boycotting of products from Russia; rapidly rising energy costs and the transition costs as suppliers seek to move to more sustainable methods of production.

Some materials such as steel have increased in price in direct correlation to the rise in energy prices. Other materials, such as bricks, have been more insulated where alternatives such as concrete (rather than clay) can be sourced and used instead. All these material increases have been accompanied by a moderation in the rising cost of labour. Our site teams do an outstanding job of managing this disruption on a day-to-day basis and to ensure our build rate remains on track. At a Group level we continue to develop strong economic and strategic partnerships with key suppliers that create value for both parties.

Land investment

We have been active in the land market in our existing divisions in the first half and continued to see good opportunities for land in our new and existing divisions. The short-term land market remains very competitive, however our operational efficiency programme and new house type range enables us to bid with confidence and to acquire land within our appraisal criteria. We also have a large strategic land portfolio which we utilise whenever possible to draw land into our short-term land portfolio. In the first half we have approved for purchase 1,543 plots of land (HY21: 2,682) at a forecast gross margin of 26.8% (HY21: 26.5%).

Building safety

Since the Grenfell Tragedy in 2017, and the subsequent review of building design and the construction methods and materials used, the Group has acted swiftly to identify and remediate any legacy buildings where it has a constructive or legal obligation to do so. The Group recognises the significant distress caused to residents and as such has always sought to engage constructively with residents, building owners, Government and other affected stakeholders. The Pledge sets out our commitment to address life-critical fire-safety issues on all buildings of 11 metres and above in England developed by the Group in the 30 years prior to 5 April 2022. In addition, the Group agreed that the Government's Building Safety Fund will not be used to remediate those buildings and to reimburse any amounts already paid by the Building Safety Fund.

Accordingly, as at 31 October 2021 the Group had cumulatively recorded £47.8m a net charge in respect of these obligations since the year ended 31 October 2019. In addition, it is contributing to the Residential Property Developer Tax (RPDT), effective from 1 April 2022, to support the remediation programme of all affected buildings taller than 18 metres in the United Kingdom.

Since January 2022 the Group has been in active dialogue with the Department for Levelling Up, Housing and Communities (DLUHC) on remediation of all buildings 11 metres and over and in April 2022 the Group announced that it has signed The Pledge, taking further steps to support those living in affected buildings. The Group hopes this now provides comfort and assurance to affected residents and stakeholders. It also allows the Group to move forward in remediating the affected buildings directly or through another party.

There continues to be speculation that the Government will go further in its actions to obtain economic redress for 'orphaned' buildings that need fixing. The Group has taken full financial responsibility for the buildings with which it had involvement and would not expect to contribute to the remediation of buildings for which it has never had any responsibility or involvement in constructing.

As a consequence of signing The Pledge, the Group has recorded a further £105.0m exceptional charge in the half. More detail on this is provided in the Financial Review.

Sustainability

Our sustainability priorities are three-fold, protect the environment, make a positive impact on communities and operate our business responsibly. We continue to make good progress against our existing targets to reduce greenhouse gas (GHG) emissions, waste and increase our use of renewable electricity.

We have taken positive action to reduce our scope 1 and 2 GHG emissions and we are on track to achieve our 25% intensity reduction target. We are also taking steps to reduce our scope 3 emissions through our home designs, preparation for the Future Homes Standard and engagement with our supply chain.

We have now set new science-based targets, which we have submitted to the Science Based Targets initiative for validation. The targets are:

- Reduce absolute scope 1 and 2 GHG emissions 60% by 2030 from a 2019 base year
- Reduce scope 3 GHG emissions intensity by 55% by 2030 from a 2019 base year
- Reach net-zero GHG emissions across the value chain (scopes 1, 2 and 3) by 2045

Reaching net-zero across the value chain will be a significant challenge and we look forward to continued collaboration with our stakeholders as we transition toward a low carbon economy.

Geographical expansion

At our Capital Markets Day in October 2021 we set out our ambitious future growth plans. Our plan will be delivered in two phases with targets aligned to both phases. We are making excellent progress in the first phase as we target achieving a minimum operating margin of 18.0% by FY24, returning Crest Nicholson to normalised industry returns. Thereafter, we expect operating margin to reach 20.0% by FY26 and deliver over 4,200 home completions.

In the early years the operating margin growth will come from our existing divisions, depleting legacy sites with weaker margins and delivering an increasing contribution from new land acquisitions, plotted with the new house type. By FY24 we will have opened three new divisions with the first two being in Yorkshire and East Anglia and the third to be announced in FY23. These new divisions, coupled with increasing capacity expansion in our existing divisions, will deliver the volume growth required to meet our plan aspirations.

We have made good progress in respect of these plans in the first half. Our adjusted operating margin has increased to 15.0% (HY21: 12.3%) demonstrating we are on track with this element of our plan.

We are making good progress with our expansion plans. In Yorkshire we have opened our divisional office in Thorpe Park, Leeds. The leadership team is taking shape following several key appointments with all team members based in the Yorkshire region and having knowledge of the area. We are busy assessing new land opportunities and have recently approved the purchase of two sites in South Yorkshire and East Riding. We will be looking to open our East Anglia division in the second half, where we have already secured two sites in Norwich and Ipswich. We look forward to providing more details on progress in both new divisions at our preliminary results in January 2023.

Outlook

The Board remains convinced that, despite the current global economic and geopolitical volatility, the long-term fundamentals of the UK housing market remain strong. The Group's efficient operating model and highly experienced leadership team position it well in times such as this. In addition, the balance sheet is robust and adequately capitalised to fuel this growth agenda and provide resilience if trading conditions become tougher.

As evidenced by the ongoing improvements to financial performance this year, the Group is pleased to announce that it now expects FY22 adjusted profit before tax to be around £135–140m. The Board remains confident that Crest Nicholson has a unique opportunity to deliver superior returns, by way of strong earnings growth accompanied by an attractive dividend and is committed to giving more customers the opportunity to own a Crest Nicholson home.

Financial Review

Completions and revenue

During the first half open market (private) completions were 754 (HY21: 701), affordable completions were 184 (HY21: 198) and bulk completions were 158 (HY21: 118). Total home completions were therefore 1,096 (HY21: 1,017), up 7.8%, reflecting the continuing recovery in volumes post the COVID-19 pandemic and the ongoing strength of the housing market.

Open market (private) average selling price (ASP) increased slightly to £409k (HY21: £398k), up 2.8%. The strong selling market has supported house price inflation during the year which has been offset by the changing mix of what the Group sells. The new house types are increasing in composition as the remaining legacy house types, often sold at higher price points, start to reduce.

Affordable ASP was up 1.7% to £179k (HY21: £176k) and bulk ASP was up 25.4% to £281k (HY21: £224k) as deals for both Old Vinyl, Hayes and Brightwells Yard, Farnham, given their respective locations and price points, drove the increase on prior year. Group revenue, excluding joint venture revenue of £21.1m (HY21: £13.1m), increased 12.3% to £364.3m (HY21: £324.5m) in the first half.

Sales

Sales rates as measured by SPOW, were 0.72 for the first half compared to 0.69 in the prior year. Despite the resumption of Stamp Duty, following its suspension during COVID-19, demand for housing has remained strong in the first half. A lack of supply, plentiful mortgage availability and issuance and ongoing changes to the balance of home and office working patterns have all supported this backdrop.

Sales outlets were 58 (HY21: 57) in the first half. The speed at which planning applications are considered and approved remains subdued. Stakeholders have had to work through a backlog of COVID-19 delayed applications. In addition, new environmental challenges related to the levels of nitrates in local water have also emerged in recent months.

Forward sales as at 10 June 2022 of 2,891 units and £814.9m Gross Development Value (GDV) (18 June 2021: 2,771 units and £691.8m GDV) with over 96% of FY22 revenue covered.

Operating profit and margin

Adjusted operating profit rose to £54.5m (HY21: £40.0m), with adjusted operating profit margin also increasing to 15.0% (HY21: 12.3%). This improvement is in line with the operating profit margin recovery trajectory and targets the Group communicated at its Capital Markets Day in October 2021. Several unprofitable legacy schemes are subject to net realisable value (NRV) provisions and during the first half the Group fully recognised the sale of Old Vinyl, Hayes by way of a bulk deal and similarly in the second half expects to recognise the sale of Sherborne Wharf, Birmingham. This will leave approximately a third of the remaining NRV provision to be used in FY23 and FY24 and predominantly relates to the Group's development at Brightwell's Yard, Farnham.

Operating loss after exceptional items for the first half was £50.5m (HY21: £39.7m operating profit) reflecting the £105.0m exception combustible materials charge in the period.

Another challenging legacy scheme held in the Group's portfolio is the London Chest Hospital in East London. This site is held in a joint venture with a third party and is financed by way of intercompany loans from both members. This site has been the subject of planning objections and delays and is a complex build programme with significant levels of peak capital investment. On 6 May 2022 the Group disposed of its 50% share in the joint venture to its joint venture partner for a total consideration of £16.0m, half of which will be received in the second half of this financial year and the other half in FY23. Although this transaction was completed after 30 April 2022 the carrying value of the intercompany loan was impaired in the first half to reflect this latest market valuation of the scheme. Accordingly, the Group recorded a £2.3m net impairment loss on financial assets for the first half (HY21: £0.2m).

The continued unwinding of these poorer legacy schemes, replaced by new land purchases, plotted with the new house types, drives the Group's forecast margin improvement targets.

Operational efficiency is one of the Group's five strategic priorities and as part of this focus overheads have been sustainably lowered since FY19. During the first half administrative expenses were £20.7m (HY21: £23.1m), with the prior year comparative containing the £2.5m repayment of the Government's Job Retention scheme grant, received in FY20 and in respect of financial support during the COVID-19 pandemic.

Exceptional items

Since the Grenfell Tower tragedy in 2017, the Government and construction sector have been carefully considering what lessons must be learned, and how buildings that are exposed to potentially life-critical fire risk can be identified and swiftly remediated.

Since the emergence of new Government guidance in this area the Group has worked with all impacted stakeholders to identify where it has a legal or constructive obligation to remediate legacy buildings. The first exceptional charge taken in this respect was in FY19 for £18.4m and by the end of FY21 the Group had cumulatively recorded £47.8m of net exceptional charges and had an unutilised balance sheet provision of £42.6m.

In January 2022 the Secretary of State for the Department for Levelling Up, Housing and Communities (DLUHC) announced the Government's intention to change the regulatory and legislative framework for fire remediation. These changes culminated in a request to housebuilders to sign the Government's Building Safety Pledge which the Group did on 19 April 2022.

As a consequence of signing the Building Safety Pledge the Group informed the capital markets on 5 April 2022 that it considered a further exceptional charge of £80–120m represented its best estimate of the range of these incremental costs. The Group has subsequently been able to refine this estimate and has recorded an exceptional charge of £105.0m in the first half.

Tax credit on exceptional items is £22.4m (HY21: £nil).

Further detail on exceptional items can be found in note 5 and note 12 of the condensed consolidated financial statements.

Financing and liquidity

At 30 April 2022 the Group had net cash of £173.3m (HY21: £130.4m). Net debt including land creditors were £6.6m (HY21: £48.1m). Average net cash during the period was £98.6m (HY21: £80.5m).

Since the Group announced its updated strategy in January 2020, the balance sheet has progressively strengthened through a clear focus on capital expenditure, overheads and work-in-progress management. The Group also benefits from a £250.0m Revolving Credit Facility which remained undrawn throughout the first half.

Return on capital employed (ROCE) for the first half was 18.3% (HY21: 10.5%) reflecting the higher earnings delivery on prior year and the continued strength of the balance sheet. This improvement reflects continued progress towards the Group's five-year target for ROCE of 22–25%.

This financial position equips the Group to meet its capital allocation priorities while maintaining adequate resilience to changing market conditions, in a sector that has historically been cyclical in nature.

Pension

The Group operates a defined benefit pension scheme. At 30 April 2022 the retirement benefit surplus under IAS 19 was £35.4m (HY21: £8.6m). In February 2022 the Group finalised the latest triennial valuation with the Trustees and agreed that the monthly cash contributions from the Group into the scheme would reduce from £0.75m to £0.13m, effective from the February 2022 payment.

Taxation

The effective tax rate applied to adjusted profit for the period was 19.6% (HY21: 20.1%). This reflects the best estimate of the weighted average annual effective tax rate which is expected to apply to the Group for the year ending 31 October 2022. Over the next three years the Group's effective tax rate will increase in line with the statutory rate increases and as the Group becomes subject to a full year effect of the Residential Property Developer Tax (RPDT) of 4.0%, effective from 1 April 2022.

Earnings per share

Adjusted basic earnings per share was 15.7 pence (HY21: 11.2 pence), reflecting the increase in the Group's earnings on prior year. Basic loss per share was 16.5 pence (HY21: earnings per share 11.3 pence), principally reflecting the impact of the exceptional item for combustible materials.

Dividend

The Board has declared an interim dividend of 5.5 pence per share, payable on 13 October 2022 to shareholders on the register on 23 September 2022. The dividend represents approximately one third of the dividend expected to be paid in respect of the financial year ending 31 October 2022.

Land and planning

During the first half the Group approved 1,543 plots for purchase at a forecast gross margin of 26.8% after sales and marketing costs.

At 30 April 2022 the short-term land portfolio includes 15,510 (FY21: 14,677) plots. 2,204 plots were added in the half with additions across all regions. The Group's strategic land portfolio ended the half with 22,303 (FY21: 22,308) plots meaning the total land portfolio at 30 April 2022 was 37,813 plots (FY21: 36,985). The total GDV of the portfolio is £12.3bn (FY21: £11.8bn).

The land market remains very competitive. In addition, approvals are being delayed due to environmental issues such as nitrate levels and water neutrality. The Group has a proven capability and strong track record at being able to realise value from its strategic land portfolio. Where the Group has been able to be active in the short-term land market it now benefits from increased competitiveness with the new house types and its strong balance sheet supports ongoing disciplined investment for growth.

Principal Risks and Uncertainties

The Group's financial and operational performance and reputation is subject to a number of potential risks and uncertainties. These risks could, either separately or in combination, have a material impact on the Group's performance and shareholder returns.

Our divisional boards consider their divisional risk registers on a half-yearly basis. The divisional risk reviews, alongside the Group's principal and emerging risks are carefully considered by the Executive Leadership Team. Both the Audit and Risk Committee and the Board have oversight of the Group's emerging and principal risks.

We face a number of emerging risks including increased inflation and higher energy prices, which we work closely with our supply chains to mitigate any potential impact. This is set against the backdrop of recent rising costs of living in the UK and the geopolitical situation in Ukraine.

Changes to the planning systems have also been proposed by the Government and may impact our future land acquisitions and new home delivery. These risks have the potential to further impact existing principal risks.

Our principal risks are unchanged from those set out on pages 64 to 68 of the Group's Annual Integrated Report for the year ended 31 October 2021.

Statement of Directors' Responsibilities

The Directors confirm that these condensed consolidated half year financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the United Kingdom and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related party transactions described in the last Annual Integrated Report.

The current Directors of Crest Nicholson Holdings plc are listed in the Annual Integrated Report for the year ended 31 October 2021 with the exception that Tom Nicholson stepped down from the Board on 27 May 2022.

By order of the Board

Peter Truscott

Chief Executive

14 June 2022

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Half year ended 30 April 2022 Unaudited Pre-exceptional items £m	Half year ended 30 April 2022 Unaudited Exceptional items (note 5) £m	Half year ended 30 April 2022 Unaudited Total £m	Half year ended 30 April 2021 Unaudited Pre-exceptional items £m	Half year ended 30 April 2021 Unaudited Exceptional items (note 5) £m	Half year ended 30 April 2021 Unaudited Total £m	Full year ended 31 October 2021 Audited Pre-exceptional item £m	Full year ended 31 October 2021 Audited Exceptional item (note 5) £m	Full year ended 31 October 2021 Audited Total £m
Revenue	4	364.3	–	364.3	324.5	–	324.5	786.6	–	786.6
Cost of sales		(286.8)	(105.0)	(391.8)	(261.2)	(0.3)	(261.5)	(619.9)	(20.8)	(640.7)
Gross profit/(loss)		77.5	(105.0)	(27.5)	63.3	(0.3)	63.0	166.7	(20.8)	145.9
Administrative expenses		(20.7)	–	(20.7)	(23.1)	–	(23.1)	(51.1)	–	(51.1)
Net impairment losses on financial assets		(2.3)	–	(2.3)	(0.2)	–	(0.2)	(1.0)	–	(1.0)
Operating profit/(loss)	6	54.5	(105.0)	(50.5)	40.0	(0.3)	39.7	114.6	(20.8)	93.8
Finance income		1.3	–	1.3	1.5	–	1.5	3.4	–	3.4
Finance expense		(5.2)	–	(5.2)	(6.3)	0.5	(5.8)	(12.5)	0.5	(12.0)
Net finance (expense)/income		(3.9)	–	(3.9)	(4.8)	0.5	(4.3)	(9.1)	0.5	(8.6)
Share of post-tax result of joint ventures using the equity method		1.9	–	1.9	0.9	–	0.9	1.7	–	1.7
Profit/(loss) before tax		52.5	(105.0)	(52.5)	36.1	0.2	36.3	107.2	(20.3)	86.9
Income tax (expense)/credit	7	(12.1)	22.4	10.3	(7.3)	–	(7.3)	(19.9)	3.9	(16.0)
Profit/(loss) for the period attributable to equity shareholders		40.4	(82.6)	(42.2)	28.8	0.2	29.0	87.3	(16.4)	70.9
Earnings/(loss) per ordinary share										
Basic	8	15.7p		(16.5)p	11.2p		11.3p	34.0p		27.6p
Diluted	8	15.7p		(16.5)p	11.2p		11.3p	33.9p		27.5p

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Half year ended 30 April 2022 Unaudited £m	Half year ended 30 April 2021 Unaudited £m	Full year ended 31 October 2021 Audited £m
(Loss)/profit for the period attributable to equity shareholders	**(42.2)**	**29.0**	**70.9**
Other comprehensive income/(expense):			
Items that will not be reclassified to the consolidated income statement:			
Actuarial gains of defined benefit schemes	**16.4**	**17.2**	**20.2**
Change in deferred tax on actuarial gains of defined benefit schemes	**(5.6)**	**(3.3)**	**(4.8)**
Other comprehensive income for the period net of income tax	**10.8**	**13.9**	**15.4**
Total comprehensive (expense)/income for the period attributable to equity shareholders	**(31.4)**	**42.9**	**86.3**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium account	Retained earnings	Total
	£m	£m	£m	£m
Half year ended 30 April 2022 (Unaudited)				
Balance at 1 November 2021	**12.8**	**74.2**	**814.6**	**901.6**
Loss for the period attributable to equity shareholders	**–**	**–**	**(42.2)**	**(42.2)**
Actuarial gains of defined benefit schemes	**–**	**–**	**16.4**	**16.4**
Change in deferred tax on actuarial gains of defined benefit schemes	**–**	**–**	**(5.6)**	**(5.6)**
Total comprehensive expense for the period	**–**	**–**	**(31.4)**	**(31.4)**
Transactions with shareholders:				
Equity-settled share-based payments	**–**	**–**	**1.2**	**1.2**
Deferred tax on equity-settled share-based payments	**–**	**–**	**(0.3)**	**(0.3)**
Purchase of own shares	**–**	**–**	**(0.4)**	**(0.4)**
Dividends paid	**–**	**–**	**(24.4)**	**(24.4)**
Balance at 30 April 2022	**12.8**	**74.2**	**759.3**	**846.3**

	Share capital	Share premium account	Retained earnings	Total
	£m	£m	£m	£m
Half year ended 30 April 2021 (Unaudited)				
Balance at 1 November 2020	**12.8**	**74.2**	**738.3**	**825.3**
Profit for the period attributable to equity shareholders	**–**	**–**	**29.0**	**29.0**
Actuarial gains of defined benefit schemes	**–**	**–**	**17.2**	**17.2**
Change in deferred tax on actuarial gains of defined benefit schemes	**–**	**–**	**(3.3)**	**(3.3)**
Total comprehensive income for the period	**–**	**–**	**42.9**	**42.9**
Transactions with shareholders:				
Equity-settled share-based payments	**–**	**–**	**0.7**	**0.7**
Deferred tax on equity-settled share-based payments	**–**	**–**	**0.2**	**0.2**
Balance at 30 April 2021	**12.8**	**74.2**	**782.1**	**869.1**

	Share capital	Share premium account	Retained earnings	Total
	£m	£m	£m	£m
Year ended 31 October 2021 (Audited)				
Balance at 1 November 2020	**12.8**	**74.2**	**738.3**	**825.3**
Profit for the year attributable to equity shareholders	**–**	**–**	**70.9**	**70.9**
Actuarial gains of defined benefit schemes	**–**	**–**	**20.2**	**20.2**
Change in deferred tax on actuarial gains of defined benefit schemes	**–**	**–**	**(4.8)**	**(4.8)**
Total comprehensive income for the year	**–**	**–**	**86.3**	**86.3**
Transactions with shareholders:				
Equity-settled share-based payments	**–**	**–**	**1.8**	**1.8**
Deferred tax on equity-settled share-based payments	**–**	**–**	**0.1**	**0.1**
Purchase of own shares	**–**	**–**	**(1.6)**	**(1.6)**
Transfers in respect of share options	**–**	**–**	**0.2**	**0.2**
Dividends paid	**–**	**–**	**(10.5)**	**(10.5)**
Balance at 31 October 2021	**12.8**	**74.2**	**814.6**	**901.6**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 April 2022 Unaudited	As at 30 April 2021 Unaudited	As at 31 October 2021 Audited
ASSETS		**£m**	**£m**	**£m**
Non-current assets				
Intangible assets		**29.0**	**29.0**	**29.0**
Property, plant and equipment		**1.0**	**1.7**	**1.2**
Right-of-use assets		**2.8**	**4.7**	**3.7**
Investments in joint ventures		**8.0**	**5.3**	**6.8**
Financial assets at fair value through profit and loss		**2.7**	**3.5**	**4.2**
Deferred tax assets		**5.1**	**7.0**	**4.8**
Retirement benefit surplus		**35.4**	**8.6**	**16.7**
Trade and other receivables		**32.7**	**59.6**	**44.5**
		116.7	**119.4**	**110.9**
Current assets				
Inventories	**10**	**1,129.6**	**1,038.1**	**1,037.5**
Financial assets at fair value through profit and loss		**2.1**	**1.7**	**1.1**
Trade and other receivables		**102.6**	**78.7**	**102.4**
Current income tax receivable		**17.4**	**4.9**	**5.8**
Cash and cash equivalents	**11**	**271.6**	**228.0**	**350.7**
		1,523.3	**1,351.4**	**1,497.5**
Total assets		**1,640.0**	**1,470.8**	**1,608.4**
LIABILITIES				
Non-current liabilities				
Interest-bearing loans and borrowings	**11**	**(98.3)**	**(97.6)**	**(97.9)**
Trade and other payables		**(50.6)**	**(126.0)**	**(107.6)**
Lease liabilities		**(2.0)**	**(3.6)**	**(2.7)**
Deferred tax liabilities		**(10.2)**	**(1.6)**	**(4.1)**
Provisions	**12**	**(82.1)**	**(8.1)**	**(28.4)**
		(243.2)	**(236.9)**	**(240.7)**
Current liabilities				
Trade and other payables		**(484.5)**	**(347.2)**	**(449.5)**
Lease liabilities		**(1.7)**	**(2.1)**	**(1.9)**
Provisions	**12**	**(64.3)**	**(15.5)**	**(14.7)**
		(550.5)	**(364.8)**	**(466.1)**
Total liabilities		**(793.7)**	**(601.7)**	**(706.8)**
Net assets		**846.3**	**869.1**	**901.6**
EQUITY				
Share capital	**15**	**12.8**	**12.8**	**12.8**
Share premium account	**15**	**74.2**	**74.2**	**74.2**
Retained earnings		**759.3**	**782.1**	**814.6**
Total equity		**846.3**	**869.1**	**901.6**

Crest Nicholson Holdings plc Registered number 6800600. These condensed consolidated half year financial statements were approved by the Board of Directors on 14 June 2022.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Half year ended 30 April 2022 Unaudited £m	Half year ended 30 April 2021 Unaudited £m	Full year ended 31 October 2021 Audited £m
Cash flows from operating activities			
(Loss)/profit for the period attributable to equity shareholders	**(42.2)**	**29.0**	**70.9**
Adjustments for:			
Depreciation on property, plant and equipment	**0.3**	**0.6**	**1.0**
Depreciation on right-of-use assets	**0.7**	**1.2**	**2.4**
Net finance expense	**3.9**	**4.3**	**8.6**
Share-based payment expense	**1.2**	**0.7**	**1.8**
Share of post-tax result of joint ventures using the equity method	**(1.9)**	**(0.9)**	**(1.7)**
Movement of inventories impairment	**(8.5)**	**(12.4)**	**(16.4)**
Net impairment of financial assets	**2.3**	**0.2**	**1.0**
Income tax (credit)/expense	**(10.3)**	**7.3**	**16.0**
Operating (loss)/profit before changes in working capital, provisions and contribution to retirement benefit obligations	**(54.5)**	**30.0**	**83.6**
Decrease in trade and other receivables	**6.7**	**14.2**	**4.8**
Increase in inventories	**(83.6)**	**(8.0)**	**(3.4)**
Increase/(decrease) in trade and other payables, and provisions	**79.9**	**(28.6)**	**73.5**
Contribution to retirement benefit obligations	**(2.6)**	**(5.6)**	**(11.2)**
Cash (used by)/generated from operations	**(54.1)**	**2.0**	**147.3**
Finance expense paid	**(3.2)**	**(3.5)**	**(6.9)**
Income tax paid	**(1.4)**	**(7.4)**	**(13.9)**
Net cash (outflow)/inflow from operating activities	**(58.7)**	**(8.9)**	**126.5**
Cash flows from investing activities			
Purchases of property, plant and equipment	**(0.1)**	**(0.3)**	**(0.2)**
Disposal of financial assets at fair value through profit and loss	**0.3**	**0.6**	**1.0**
Dividends received	**0.9**	**–**	**–**
Funding to joint ventures	**(3.4)**	**(7.5)**	**(13.0)**
Repayment of funding from joint ventures	**7.5**	**5.9**	**11.5**
Finance income received	**–**	**0.1**	**0.1**
Net cash inflow/(outflow) from investing activities	**5.2**	**(1.2)**	**(0.6)**
Cash flows from financing activities			
Principal elements of lease payments	**(0.8)**	**(1.3)**	**(2.7)**
Dividends paid	**(24.4)**	**–**	**(10.5)**
Purchase of own shares	**(0.4)**	**–**	**(1.6)**
Transfer in respect of share options	**–**	**–**	**0.2**
Net cash outflow from financing activities	**(25.6)**	**(1.3)**	**(14.6)**
Net (decrease)/increase in cash and cash equivalents	**(79.1)**	**(11.4)**	**111.3**
Cash and cash equivalents at the beginning of the period	**350.7**	**239.4**	**239.4**
Cash and cash equivalents at end of the period	**271.6**	**228.0**	**350.7**

1 BASIS OF PREPARATION

Crest Nicholson Holdings plc (the Company) is a public limited company incorporated, listed and domiciled in the UK. The address of the registered office is Crest House, Pyrcroft Road, Chertsey, Surrey KT16 9GN. The condensed consolidated half year financial statements consolidate the results of the Company and its subsidiaries (together referred to as the Group) and include the Group's interest in jointly controlled entities.

These condensed consolidated half year financial statements for the six months ended 30 April 2022 have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the UK Financial Conduct Authority and with UK-adopted International Accounting Standard 34 'Interim financial reporting'. These condensed consolidated half year financial statements do not include all of the information required for full annual consolidated financial statements and should be read in conjunction with the Group's Annual Integrated Report for the year ended 31 October 2021, which has been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, and international financial reporting standards (IFRS) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

These condensed consolidated half year financial statements do not constitute statutory financial statements within the meaning of Section 434 of the Companies Act 2006. Statutory financial statements for the year ended 31 October 2021 were approved by the Board of Directors on 19 January 2022 and delivered to the Registrar of Companies. The report of the auditor on those accounts was (i) unqualified, (ii) did not include a reference to any matters to which the auditor 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.

These condensed consolidated half year financial statements are unaudited but have been reviewed by PricewaterhouseCoopers LLP, the Company's auditors in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information performed by the Independent Auditor of the Entity', issued by the Auditing Practices Board. The auditor's review report for the period to 30 April 2022 is set out on page 32.

Going Concern

The Directors have considered the impact of the Group's current principal risks and uncertainties to confirm the appropriateness of the going concern assumption in these condensed consolidated half year financial statements. The Directors do not consider that any material or significant changes have occurred to the risks identified and outlined in the Group's Annual Integrated Report for the year ended 31 October 2021, and as discussed in the Financial Review.

The Group benefits from a £250.0m revolving credit facility, which expires June 2024, and £100.0m of senior loan notes, which mature between 2024 and 2029. Both of these arrangements are subject to three financial covenant tests. The Group was compliant with all three tests throughout the six month period ended 30 April 2022.

At 30 April 2022 the Group had net cash of £173.3m. Given this strong liquidity position the Directors consider the impact of breaching one of its covenants as being the first indication that the Group could be in distress and should be the basis of assessing its going concern basis. The Directors have then considered three scenarios that stress test whether the Group would remain compliant with its covenants as a result of some principal risks starting to crystallise:

Base case
This is the Group's latest forecast which reflects current market experience and is reviewed by the Directors periodically.

Severe but plausible downside case
The following assumptions were applied both individually and in combination to the base case:

- An immediate 15.0% reduction in forecast home completions
- An immediate 7.5% fall in forecast average selling prices
- An immediate 5.0% increase in build costs, this is an addition to the build cost inflation already factored into the base case

Test to failure
The above assumptions were then applied, individually and in combination, above a level considered plausible to help inform the Directors as to what level of stress would be needed to realise a breach in any of the covenants.

In all 3 scenarios above, the Group remained compliant with all covenants without the need to rely on any potential mitigations which include but are not limited to:

- A reduction in Group overheads
- Renegotiation of supplier arrangements in a deteriorating market
- Mothballing of unprofitable or capital-intensive schemes
- Repaying interest-bearing products to reduce the net interest charge

Conclusion on going concern
In reviewing the assessment outlined above the Directors are confident that the Group has the necessary resources and mitigations available to continue trading for at least 12 months from the date of approval of the condensed consolidated half year financial statements. Accordingly, the condensed consolidated half year financial statements continue to be prepared on a going concern basis.

Critical accounting estimates and judgements
The preparation of the condensed consolidated half year financial statements under IFRS requires the Directors to make estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses and related disclosures. In applying the Group's accounting policies, the key judgements that have a significant impact on the financial statements, including those involving estimates, are as follows; the judgement to present certain items as exceptional (see note 5), certain revenue policies relating to part exchange sales, the identification of performance obligations where a revenue transaction involves the sale of both land and residential units with revenue on the units subsequently recognised over time and the recognition of the defined benefit pension scheme surplus.

Estimates and associated assumptions affecting the financial statements are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based or as a result of new information.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future period if the revision affects both current and future periods.

The Directors have made estimates and assumptions in reviewing the going concern assumption as detailed above. The Directors consider the key sources of estimation uncertainty that have a risk of causing a material adjustment to the carrying value of assets and liabilities are the carrying value of inventories, estimation of development profitability, valuation of the pension scheme assets and liabilities and the combustible materials provision. These are detailed within the Group's consolidated financial statements for the year ended 31 October 2021. In addition, combustible materials is presented below following an increase in the provision in the period.

Combustible materials
The combustible materials provision requires several key estimates and judgements in its calculation of value and probability. In line with IAS 37, a provision is recognised if it is probable that an outflow of cash or other economic resources will be required to settle the provision and the provision can be reliably measured**.** A contingent liability is a possible obligation depending on whether some uncertain future event occurs, or a present obligation but payment is not probable or the amount cannot be measured reliably. The key judgements include, but are not limited to, identification of the properties impacted over the required period of construction considered and which properties should then be included. The key estimates applied to the identified properties include the potential investigation costs, rectification costs of works and materials, disruption to customers, along with considering the future timing of the expenditure.

If forecast remediation costs on identified buildings currently provided for are 5% higher than is now estimated, the exceptional items charge in the condensed consolidated income statement would be £7.3m higher. If further buildings are identified this could result in an increase to the current provision, but the potential value of this change cannot be reliably measured without further claims or investigative work. See notes 5 and 12 for additional details.

Accounting policies
The principal accounting policies adopted in the condensed consolidated half year financial statements are consistent with those applied by the Group in its consolidated financial statements for the year ended 31 October 2021 except in respect of taxation which is based on the expected effective tax rate that would be applicable to expected annual earnings, and the revenue policy relating to recognised over time housing units as detailed below.

The Group reviewed the application of its revenue policy relating to recognised over time housing units. From 1 November 2021 revenue is now recognised on over time units by reference to the stage of completion, via surveys of work performed on contract activity. The Group considers this policy more closely aligns with the benefits transferred to the customer. Previously revenue was recognised on housing units as the build of the related units progressed, using the input method based on costs incurred. This is considered a change in accounting estimate and so has been implemented prospectively.

Adoption of new and revised standards
There are no new standards, amendments to standards and interpretations that are applicable to the Group and are mandatory for the first time for the financial year beginning 1 November 2021 which have a material impact on the Group.

Alternative performance measures
The Group has adopted various Alternative Performance Measures (APM), as presented on pages 30 to 31. These measures are not defined by IFRS and therefore may not be directly comparable with other companies' APM, and should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measurements.

2 SEGMENTAL REPORTING

The Executive Leadership Team (ELT), as disclosed in the Group's consolidated financial statements for the year ended 31 October 2021 on page 76, with the exception that Tom Nicholson stepped down from the Board on 27 May 2022, is accountable to the Board and has been identified as the chief operating decision-maker for the purposes of determining the Group's operating segments. The ELT approves investment decisions, allocates group resources and performs divisional performance reviews. The Group operating segments are considered to be its divisions, each of which has its own management board. All divisions are engaged in residential-led, mixed use developments in the United Kingdom and therefore, with consideration of relevant economic indicators such as the nature of the products sold and customer base, and, having regard to the aggregation criteria in IFRS 8, the Group identifies that it has one reportable operating segment.

3 SEASONALITY

In common with the rest of the UK housebuilding industry, activity occurs throughout the year, with peaks in sale completions in spring and autumn. This creates seasonality in the Group's trading results and working capital.

4 REVENUE

	Half year ended 30 April 2022	Half year ended 30 April 2021	Full year ended 31 October 2021
Revenue type	**£m**	**£m**	**£m**
Open market housing including specification upgrades	**328.3**	**287.4**	**654.7**
Affordable housing	**19.6**	**31.3**	**78.7**
Total housing	**347.9**	**318.7**	**733.4**
Land and commercial sales	**15.5**	**3.4**	**49.2**
Freehold reversions	**0.9**	**2.4**	**4.0**
Total revenue	**364.3**	**324.5**	**786.6**

	Half year ended 30 April 2022	Half year ended 30 April 2021	Full year ended 31 October 2021
Timing of revenue recognition	**£m**	**£m**	**£m**
Revenue recognised at a point in time	**342.5**	**284.9**	**687.7**
Revenue recognised over time	**21.8**	**39.6**	**98.9**
Total revenue	**364.3**	**324.5**	**786.6**

Proceeds received on the disposal of part exchange properties, which is not included in revenue, were £20.1m (30 April 2021: £23.6m, 31 October 2021: £48.6m). These have been included within cost of sales.

5 EXCEPTIONAL ITEMS

Exceptional items are those which, in the opinion of the Directors, are material by size and/or non-recurring in nature and therefore require separate disclosure within the condensed consolidated income statement in order to assist the users of the financial statements in understanding what the Directors consider to be the underlying business performance of the Group. Where appropriate any material reversal of these amounts will be reflected through exceptional items.

Exceptional items for half year ended 30 April 2022 relate to the same category of items booked in previous financial periods.

	Half year ended 30 April 2022	Half year ended 30 April 2021	Full year ended 31 October 2021
Cost of sales	**£m**	**£m**	**£m**
Combustible materials charge	**105.0**	**10.3**	**31.2**
Combustible materials credit	**–**	**(2.4)**	**(2.4)**
Net combustible materials charge	**105.0**	**7.9**	**28.8**
Inventory impairment credit	**–**	**(7.6)**	**(8.0)**
Total cost of sales exceptional charge	**105.0**	**0.3**	**20.8**
Net finance expense			
Finance expense credit	**–**	**(0.5)**	**(0.5)**
Total exceptional charge/(credit)	**105.0**	**(0.2)**	**20.3**
Tax credit on exceptional charge/(credit)	**(22.4)**	**–**	**(3.9)**
Total exceptional charge/(credit) after tax credit	**82.6**	**(0.2)**	**16.4**

Net combustible materials charge
Following the fire at Grenfell Tower in 2017, and the subsequent review of building design, construction methods and materials used, the Group has acted swiftly to identify and remediate any legacy buildings where it has a constructive or legal obligation to do so. The Group recognises the significant distress caused to residents and as such has always sought to engage constructively with residents, building owners, Government and other affected stakeholders.

Accordingly, the Group has cumulatively recorded £47.8m of net charges in respect of these obligations between the year ended 31 October 2019 to 31 October 2021.

On 19 April 2022 the Group signed the Government's Building Safety Pledge, which has a wider perimeter of potential buildings impacted and has thus contributed to a further £105.0m combustible materials charge for the half year ended 30 April 2022. Due to the material nature of the charge, it has been recognised as an exceptional item. See note 12 for additional information.

Inventory impairment credit
In the half year ended 30 April 2021 and the year ended 31 October 2021 the Group released unused inventory impairment which was previously recognised as exceptional, resulting in a credit in those periods. For further details see note 4 within the Group's consolidated financial statements for the year ended 31 October 2021.

Taxation
An exceptional income tax credit of £22.4m (30 April 2021: £nil, 31 October 2021: £3.9m) has been recognised in relation to the above exceptional items using the actual tax rate applicable to these items.

6 OPERATING (LOSS)/PROFIT

Operating loss of £50.5m (30 April 2021: operating profit of £39.7m, 31 October 2021: operating profit of £93.8m) from continuing activities is stated after (crediting)/charging:

	Half year ended 30 April 2022 £m	Half year ended 30 April 2021 £m	Full year ended 31 October 2021 £m
Joint venture project management fees received (note 16)	**(1.0)**	(0.7)	(1.5)
Government grants repaid	**–**	2.5	2.5

Government grants
In the half year ended 30 April 2021 and year ended 31 October 2021 the Group recognised a £2.5m charge within administrative expenses relating to the voluntarily repayment of the Government JRS grant received in the year ended 31 October 2020.

7 TAXATION

The rate of taxation on (loss)/profit for the half year ended 30 April 2022 is 19.6% (30 April 2021: 20.1%, 31 October 2021: 18.4%) and reflects the best estimate of the weighted average annual effective tax rate which is expected to apply to the Group for the year ending 31 October 2022. This calculation uses rates substantively enacted by 30 April 2022 as required by IAS 34 'Interim Financial Reporting'.

The Residential Property Developer Tax (RPDT) tax rate of 4.0% from 1 April 2022 has been substantially enacted during the period and its impact on current and deferred tax is reflected within these condensed consolidated financial statements.

8 (LOSS)/EARNINGS PER ORDINARY SHARE

Basic (loss)/earnings per share is calculated by dividing (loss)/profit attributable to equity shareholders by the weighted average number of ordinary shares in issue during the period. For diluted earnings per share, the weighted average number of shares is increased by the average number of potential ordinary shares held under option during the period. This reflects the number of ordinary shares which would be purchased using the difference in value between the market value of shares and the share option exercise price. The market value of shares has been calculated using the average ordinary share price during the period. Only share options which have met their cumulative performance criteria have been included in the dilution calculation. The earnings and weighted average number of shares used in the calculations are set out below.

	(Loss)/ earnings	Weighted average number of shares	Per share amount
Half year ended 30 April 2022 – Total	**£m**	**millions**	**pence**
Basic loss per share	**(42.2)**	**256.5**	**(16.5)**
Effect of share options	**–**	**–**	**–**
Diluted loss per share	**(42.2)**	**256.5**	**(16.5)**
Half year ended 30 April 2022 – Pre-exceptional items			
Basic earnings per share	**40.4**	**256.5**	**15.7**
Effect of share options	**–**	**0.9**	**–**
Adjusted diluted earnings per share	**40.4**	**257.4**	**15.7**
Half year ended 30 April 2021 – Total			
Basic earnings per share	**29.0**	**256.8**	**11.3**
Effect of share options	**–**	**0.7**	**–**
Diluted earnings per share	**29.0**	**257.5**	**11.3**
Half year ended 30 April 2021 – Pre-exceptional items			
Basic earnings per share	**28.8**	**256.8**	**11.2**
Effect of share options	**–**	**0.7**	**–**
Adjusted diluted earnings per share	**28.8**	**257.5**	**11.2**
Full year ended 31 October 2021 – Total			
Basic earnings per share	**70.9**	**256.8**	**27.6**
Dilutive effect of share options	**–**	**1.0**	**(0.1)**
Diluted earning per share	**70.9**	**257.8**	**27.5**
Full year ended 31 October 2021 – Pre-exceptional items			
Basic earnings per share	**87.3**	**256.8**	**34.0**
Dilutive effect of share options	**–**	**1.0**	**(0.1)**
Adjusted diluted earnings per share	**87.3**	**257.8**	**33.9**

9 DIVIDENDS

	Half year ended 30 April 2022 £m	Half year ended 30 April 2021 £m	Full year ended 31 October 2021 £m
Dividends recognised as distributions to equity shareholders in the period:			
Final dividend for the year ended 31 October 2021 of 9.5 pence per share (2020: £nil pence per share)	**24.4**	**–**	**–**
Interim dividend for the year ended 31 October 2021: 4.1 pence per share (2020: £nil pence per share)	**–**	**–**	**10.5**
	24.4	**–**	**10.5**

The Board approved an interim dividend of 5.5 pence per share on 14 June 2022. The interim dividend will be paid on 13 October 2022 to ordinary shareholders on the Register of Members on 23 September 2022. In accordance with IAS 10 'Events After the Reporting Period' the proposed dividend has not been included as a liability in this condensed consolidated half year financial information.

10 INVENTORIES

	As at 30 April 2022 £m	As at 30 April 2021 £m	As at 31 October 2021 £m
Work-in-progress	**1,056.5**	**934.1**	**965.7**
Completed buildings including show homes	**58.6**	**85.6**	**57.7**
Part exchange inventories	**14.5**	**18.4**	**14.1**
	1,129.6	**1,038.1**	**1,037.5**

In the prior period the remaining unutilised residential 7.5% sales price provision was released creating an exceptional inventory impairment credit of £7.6m (31 October 2021: £8.0m).

Total inventories are stated net of a net realisable value provision of £12.2m (30 April 2021: £24.7m, 31 October 2021: £20.7m), mainly relating to the impairments as disclosed in the Group's consolidated financial statements for the year ended 31 October 2020.

Of the £12.2m remaining NRV provision at 30 April 2022 it is currently forecast that over half will be used in the second half of the 2022 financial year as some sites subject to NRV are forecast to be legally completed.

Movements in the NRV provision	As at 30 April 2022 £m	As at 30 April 2021 £m	As at 31 October 2021 £m
At beginning of the period	**20.7**	**37.1**	**37.1**
Pre-exceptional NRV charged/(credited) in the period	**1.8**	**(0.7)**	**0.8**
Pre-exceptional NRV used in the period	**(3.2)**	**(3.7)**	**(5.2)**
Exceptional NRV credited in the period (note 5)	**–**	**(7.6)**	**(8.0)**
Exceptional NRV used in the period	**(7.1)**	**(0.4)**	**(4.0)**
Total movement in NRV in the period	**(8.5)**	**(12.4)**	**(16.4)**
At end of the period	**12.2**	**24.7**	**20.7**

11 CASH AND CASH EQUIVALENTS, INTEREST-BEARING LOANS AND BORROWINGS

	As at 30 April 2022 £m	As at 30 April 2021 £m	As at 31 October 2021 £m
Cash and cash equivalents	**271.6**	**228.0**	**350.7**
Non-current interest-bearing loans and borrowings			
Senior loan notes – maturing 2024 to 2029	**(100.0)**	**(100.0)**	**(100.0)**
Revolving credit facility and senior loan notes issue costs	**1.7**	**2.4**	**2.1**
	(98.3)	**(97.6)**	**(97.9)**

At 30 April 2022, the Group had undrawn revolving credit facilities of £250.0m (30 April 2021: £250.0m, 31 October 2021: £250.0m).

12 PROVISIONS

	As at 30 April 2022 Combustible materials £m	As at 30 April 2022 Other provisions £m	As at 30 April 2022 Total £m	As at 30 April 2021 Combustible materials £m	As at 30 April 2021 Other provisions £m	As at 30 April 2021 Total £m	As at 31 October 2021 Combustible materials £m	As at 31 October 2021 Other provisions £m	As at 31 October 2021 Total £m
At beginning of the period	42.6	0.5	43.1	14.8	0.4	15.2	14.8	0.4	15.2
Provided in the period	105.0	–	105.0	10.3	–	10.3	31.2	0.1	31.3
Utilised in the period	(1.5)	(0.2)	(1.7)	(1.9)	–	(1.9)	(3.4)	–	(3.4)
At end of the period	146.1	0.3	146.4	23.2	0.4	23.6	42.6	0.5	43.1
Of which:									
Non-current	82.1	–	82.1	8.1	–	8.1	28.4	–	28.4
Current	64.0	0.3	64.3	15.1	0.4	15.5	14.2	0.5	14.7
	146.1	0.3	146.4	23.2	0.4	23.6	42.6	0.5	43.1

Combustible materials

Following the fire at Grenfell Tower in 2017, the Government announced a public inquiry surrounding the circumstances leading up to and surrounding the fire, including a review of fire-related building regulations, notably those relating to external walls, and issued a new regulatory framework for building owners.

On joining the Group in 2019, the new ELT quickly established a dedicated internal team, headed by a Special Projects Director, to oversee and govern the Group's response to this changing regulatory backdrop. The interpretation of this guidance often varies between professional advisors who are engaged to oversee the identification and implementation of any remediation required.

To consider the ongoing changes in regulations, the ELT meets regularly, chaired by the Chief Executive with attendance from the Group Finance Director, Group Production Director and Special Projects Director responsible for this area. In 2019 the team conducted a full review into all legacy buildings it believed may be at risk based on guidance at that time, any relevant regulations and considered any notification of claims. Accordingly, the Group recognised a combustible materials provision. With ongoing regulatory changes, this provision was subsequently increased in financial years 2020 and 2021 to reflect the Group's interpretation of their legacy portfolio following those changes to the Government regulatory framework, along with any new notifications received if it was considered that they represented an expected liability.

In addition, as time has passed the Group has also been able to apply the benefit of experience to develop a more accurate assessment and forecast of its potential liability. As such the Group now has a detailed risk register of all legacy buildings in scope, which it regularly reviews. The team considers the application of the latest guidelines against each affected building, advice from its technical or legal advisors along with relevant updates or notifications from a variety of stakeholders. Such sources can include residents, management companies, freeholders, subcontractors, architects, mortgage lenders, building control bodies and independent fire engineers.

The risk register considers the progress of any identified remediation works and adjusts the provision to reflect the Group's best estimate of any future remediation works. As such the condensed consolidated half year financial statements are prepared on the Group's current best estimate of these future costs and this may evolve in the future based on the result of ongoing inspections, further advice, the progress and cost to complete of in-progress remediation works and whether Government legislation and regulation becomes more or less stringent in this area. See note 17 for disclosures relating to further potential liabilities and recoveries relating to the combustible materials provision.

In January 2022, the Secretary of State for the Department for Levelling Up, Housing and Communities (DLUHC) announced the Government's intention to widen and lengthen the definition of legal obligation on developers to fund the remediation of affected buildings between 11 and 18 metres high and extending the review period to buildings constructed within the past 30 years. On 19 April 2022 the Group signed the Government's Building Safety Pledge which commits the Group to remediate a larger number of legacy buildings.

Accordingly, the Group recorded a further net combustible materials charge of £105.0m in the period. This charge comprises £70.3m specifically for buildings where Building Safety Fund (BSF) funding had been applied for, which the Group have now agreed to cover under the Building Safety Pledge, and £34.7m for movements in previous cost estimates and extending the liability period to 30 years. The further charge is in addition to the £18.4m charged in 2019, £0.6m charged in 2020 and £28.8m charged in 2021.

The Group spent £1.5m in the period across several buildings requiring further investigative costs, including balcony and cladding related works.

The provision of £146.1m represents the Group's best estimate of costs at 30 April 2022. The provision is stated after a related discount of £2.6m, which unwinds to the consolidated income statement as finance costs over the life of the cash expenditure. The Group will continue to assess the magnitude and utilisation of this provision in future reporting periods. The Group recognises that required remediation works could be subject to further inflationary pressures and cash outflows on currently unprovided sites may also become probable in the future.

The Group expects to have completed any required remediation within a five-year period, using £64.0m of the remaining provision within one year, and the balance within one to five years.

The Group is continuing to review the recoverability of costs incurred from third parties where it has a contractual right of recourse. In the prior half year £2.4m was recovered from third parties, which was recorded as an exceptional credit in the condensed consolidated income statement. See note 5 for income statement disclosure.

13 FINANCIAL ASSETS AND LIABILITIES

	As at 30 April 2022	As at 30 April 2021	As at 31 October 2021
Financial assets	**£m**	**£m**	**£m**
Sterling cash deposits	**271.6**	**228.0**	**350.7**
Trade receivables	**43.8**	**28.7**	**27.2**
Amounts due from joint ventures	**51.0**	**56.6**	**56.0**
Other receivables	**5.5**	**4.0**	**6.0**
Total financial assets at amortised cost	**371.9**	**317.3**	**439.9**
Financial assets at fair value through profit and loss	**4.8**	**5.2**	**5.3**
Total financial assets	**376.7**	**322.5**	**445.2**

Financial assets at fair value through profit and loss are held at fair value and categorised as level three within the hierarchical classification of IFRS 13 ‘Fair Value Measurement’. The carrying value of cash and cash equivalents, trade and other receivables and amounts due from joint ventures is a reasonable approximation of fair value which would be measured under a level 3 hierarchy.

	As at 30 April 2022	As at 30 April 2021	As at 31 October 2021
Financial liabilities	**£m**	**£m**	**£m**
Senior loan notes	**100.0**	**100.0**	**100.0**
Land payables on contractual terms carrying interest	**57.3**	**65.0**	**65.0**
Land payables on contractual terms carrying no interest	**122.6**	**113.5**	**157.9**
Amounts due to joint ventures	**0.2**	**0.1**	**0.1**
Lease liabilities	**3.7**	**5.7**	**4.6**
Other trade payables	**40.2**	**35.7**	**32.0**
Other payables	**5.7**	**9.2**	**11.2**
Accruals	**275.5**	**214.5**	**264.1**
Total financial liabilities at amortised cost	**605.2**	**543.7**	**634.9**

The carrying amounts of the Group’s financial liabilities is deemed a reasonable approximation to their fair value.

14 (NET DEBT)/NET CASH INCLUDING LAND CREDITORS

	As at 30 April 2022	As at 30 April 2021	As at 31 October 2021
	£m	**£m**	**£m**
Cash and cash equivalents	**271.6**	**228.0**	**350.7**
Non-current interest-bearing loans and borrowings	**(98.3)**	**(97.6)**	**(97.9)**
Net cash	**173.3**	**130.4**	**252.8**
Land payables on contractual terms carrying interest	**(57.3)**	**(65.0)**	**(65.0)**
Land payables on contractual terms carrying no interest	**(122.6)**	**(113.5)**	**(157.9)**
(Net debt)/net cash including land creditors	**(6.6)**	**(48.1)**	**29.9**

15 SHARE CAPITAL

	Shares issued	Nominal value	Share capital	Share premium account
	number	**pence**	**£m**	**£m**
As at 30 April 2022, 30 April 2021 and 31 October 2021	**256,920,539**	**5**	**12.8**	**74.2**

16 RELATED PARTY TRANSACTIONS

Related parties are consistent with those disclosed in the Group's consolidated financial statements for the year ended 31 October 2021. On the 6 May 2022 the Group disposed of its 50% share in Bonner Road LLP to its joint venture partner.

The Group had the following transactions with its joint ventures in the period:

	Half year ended 30 April 2022 £m	Half year ended 30 April 2021 £m	Full year ended 31 October 2021 £m
Interest income on joint venture funding	**1.4**	1.4	2.8
Project management fees received	**1.0**	0.7	1.5
Amounts due from joint ventures, net of expected credit losses	**51.0**	56.6	56.0
Amounts due to joint ventures	**0.2**	0.1	0.1
Funding to joint ventures	**(3.4)**	(7.5)	(13.0)
Repayment of funding from joint ventures	**7.5**	5.9	11.5

17 CONTINGENT LIABILITIES

There are performance bonds and other engagements, including those in respect of joint venture partners, undertaken in the ordinary course of business. It is impractical to quantify the financial effect of performance bonds and other arrangements. The Directors consider the possibility of a cash outflow in settlement of performance bonds and other arrangements to be remote and therefore this does not represent a contingent liability for the Group.

In the ordinary course of business, the Group enters into certain land purchase contracts with vendors on a conditional exchange basis. The conditions must be satisfied for the Group to recognise the land asset and corresponding provisions within the condensed consolidated statement of financial position. No land payable in respect of conditional land acquisitions has been recognised.

The Group provides for all known material legal actions, where having taken appropriate legal advice as to the likelihood of success of the actions, it is considered probable that an outflow of economic resource will be required, and the amount can be reliably measured. No material contingent liability in respect of such claims has been recognised since there are no known claims of this nature.

In 2019, the Group created a combustible materials provision, which was subsequently increased in financial years 2020 and 2021. This provision is subject to the Directors' estimates on costs and timing, and the identification of legacy developments where the Group may have an obligation to remediate or upgrade to meet new Government guidance where it is responsible to do so. This provision has been difficult to reliably estimate due to the changing nature of Government regulation in this area, and where the Group is no longer the freehold owner and has no visibility over remediation requirements. As such the Group has historically not disclosed a range of expected future costs. As a consequence of signing the Government's Building Safety Pledge on 19 April 2022, the Group has now become responsible for the remediation of a larger number of buildings, constructed over a longer historic time period. Accordingly, whilst the Group believes that most significant liabilities will have been identified through the process of building owners assessing buildings and applying for BSF funding, there is a risk of contingent liabilities arising if additional buildings are subsequently identified requiring remediation. Due to the enduring challenges of developing a reliable estimate of these possible costs, the Group continues to not disclose an expected range.

The Group is reviewing the recoverability of costs incurred from third parties where it has a contractual right of recourse. As reflected in the prior year financial statements the Group has a track record of successfully obtaining such recoveries, however no contingent assets have been recognised in these condensed consolidated financial statements for such items.

ALTERNATIVE PERFORMANCE MEASURES (UNAUDITED)

The Group uses a number of alternative performance measures (APM) which are not defined within IFRS. The Directors use the APM, along with IFRS measures, to assess the operational performance of the Group as detailed in the Strategic Report on pages 1 to 69 of the Group's Annual Integrated Report for the year ended 31 October 2021, and above. Definitions and reconciliations of the financial APM used compared to IFRS measures, are included below:

Adjusted performance metrics

Adjusted performance metrics as shown below comprise statutory metrics adjusted for the exceptional items as presented in note 5 of the condensed consolidated financial statements. These measures are not defined by IFRS and therefore may not be directly comparable with other company's APM, including those in the Group's industry. APM should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measurements. The exceptional items have a material impact to reported performance and arise from recent, unforeseen events. As such, the Directors consider these adjusted performance metrics reflect a more accurate view of its core operations and underlying business performance.

Half year ended 30 April 2022		**Statutory**	**Exceptional items**	**Adjusted**
Gross (loss)/profit	**£m**	**(27.5)**	**105.0**	**77.5**
Gross (loss)/profit margin	**%**	**(7.5)**	**28.8**	**21.3**
Administrative expenses	**£m**	**(20.7)**	**–**	**(20.7)**
Administrative expenses/overhead efficiency	**%**	**5.7**	**–**	**5.7**
Operating (loss)/profit	**£m**	**(50.5)**	**105.0**	**54.5**
Operating (loss)/profit margin	**%**	**(13.9)**	**28.8**	**15.0**
(Loss)/profit before tax	**£m**	**(52.5)**	**105.0**	**52.5**
Income tax credit/(expense)	**£m**	**10.3**	**(22.4)**	**(12.1)**
(Loss)/profit after tax	**£m**	**(42.2)**	**82.6**	**40.4**
Basic (loss)/earnings per share	**Pence**	**(16.5)**	**32.2**	**15.7**
Diluted (loss)/earnings per share	**Pence**	**(16.5)**	**32.2**	**15.7**

Half year ended 30 April 2021		**Statutory**	**Exceptional items**	**Adjusted**
Gross profit	**£m**	**63.0**	**0.3**	**63.3**
Gross profit margin	**%**	**19.4**	**0.1**	**19.5**
Administrative expenses	**£m**	**(23.1)**	**–**	**(23.1)**
Administrative expenses/overhead efficiency	**%**	**7.1**	**–**	**7.1**
Operating profit	**£m**	**39.7**	**0.3**	**40.0**
Operating profit margin	**%**	**12.2**	**0.1**	**12.3**
Net finance expense	**£m**	**(4.3)**	**(0.5)**	**(4.8)**
Profit/(loss) before tax	**£m**	**36.3**	**(0.2)**	**36.1**
Income tax (expense)/credit	**£m**	**(7.3)**	**–**	**(7.3)**
Profit/(loss) after tax	**£m**	**29.0**	**(0.2)**	**28.8**
Basic earnings/(loss) per share	**Pence**	**11.3**	**(0.1)**	**11.2**
Diluted earnings/(loss) per share	**Pence**	**11.3**	**(0.1)**	**11.2**

Full year ended 31 October 2021		**Statutory**	**Exceptional items**	**Adjusted**
Gross profit	**£m**	**145.9**	**20.8**	**166.7**
Gross profit margin	**%**	**18.5**	**2.7**	**21.2**
Administrative expenses	**£m**	**(51.1)**	**–**	**(51.1)**
Administrative expenses/overhead efficiency	**%**	**6.5**	**–**	**6.5**
Operating profit	**£m**	**93.8**	**20.8**	**114.6**
Operating profit margin	**%**	**11.9**	**2.7**	**14.6**
Net finance expense	**£m**	**(8.6)**	**(0.5)**	**(9.1)**
Profit before tax	**£m**	**86.9**	**20.3**	**107.2**
Income tax expense	**£m**	**(16.0)**	**(3.9)**	**(19.9)**
Profit after tax	**£m**	**70.9**	**16.4**	**87.3**
Basic earnings per share	**Pence**	**27.6**	**6.4**	**34.0**
Diluted earnings per share	**Pence**	**27.5**	**6.4**	**33.9**

Gearing including land creditors

Gearing including land creditors equals (net debt)/net cash including land creditors divided by equity shareholders' funds add net debt including land creditors or less net cash including land creditors.

		As at 30 April 2022	As at 30 April 2021	As at 31 October 2021
(Net debt)/net cash including land creditors (note 14)	£m	(6.6)	(48.1)	29.9
Equity shareholders' funds	£m	(846.3)	(869.1)	(901.6)
(Net debt)/net cash including land creditors	£m	(6.6)	(48.1)	29.9
	£m	(852.9)	(917.2)	(871.7)
Gearing including land creditors	%	0.8	5.2	(3.4)

Return on capital employed (ROCE)

Return on capital employed equals rolling 12 month adjusted operating profit before joint ventures divided by the average of opening and closing capital employed over the same 12 months (capital employed = equity shareholders' funds plus net borrowing or less net cash).

		Half year ended 30 April 2022	Half year ended 30 April 2021	Full year ended 31 October 2021
Adjusted operating profit – rolling 12 month	£m	129.1	86.0	114.6
Average of opening and closing capital employed over same 12 months	£m	705.9	817.1	665.9
ROCE	%	18.3	10.5	17.2

		Half year ended 30 April 2022	Half year ended 30 April 2021	Half year ended 30 April 2020	Full year ended 31 October 2021	Full year ended 31 October 2020
Adjusted operating profit						
For reporting period/year	£m	54.5	40.0	11.1	114.6	57.1
Second half of the prior year where applicable	£m	74.6	46.0		n/a	
Rolling 12 month	£m	129.1	86.0		114.6	

		As at 30 April 2022	As at 30 April 2021	As at 30 April 2020	As at 31 October 2021	As at 31 October 2020
Capital employed	£m	£m	£m	£m	£m	£m
Equity shareholders' funds	£m	846.3	869.1	802.1	901.6	825.3
Net (cash)/net debt (note 14)	£m	(173.3)	(130.4)	93.3	(252.8)	(142.2)
Closing capital employed	£m	673.0	738.7	895.4	648.8	683.1
Average closing capital employed	£m	705.9	817.1		665.9	

Independent review report to Crest Nicholson Holdings plc
Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Crest Nicholson Holdings plc's condensed consolidated interim financial statements (the "interim financial statements") in the unaudited interim results of Crest Nicholson Holdings plc for the 6 month period ended 30 April 2022 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

- the Condensed Consolidated Statement of Financial Position as at 30 April 2022;
- the Condensed Consolidated Income Statement and the Condensed Consolidated Statement of Comprehensive Income for the period then ended;
- the Condensed Consolidated Cash Flow Statement for the period then ended;
- the Condensed Consolidated Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the unaudited interim results of Crest Nicholson Holdings plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. 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.

We have read the other information contained in the unaudited interim results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The unaudited interim results, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the unaudited interim results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the unaudited interim results based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
London
14 June 2022