



# HALF-YEARLY REPORT 2023



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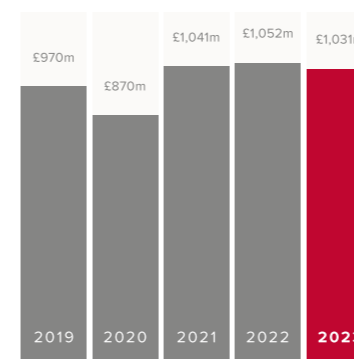
Find more information at: [redrowplc.co.uk](http://redrowplc.co.uk)



← Cover images:  
Amington Garden Village, Tamworth, Staffordshire  
Nigel Palmer, South Wales Managing Director  
Apprentices Training at Stephenson College  
Graduates in training

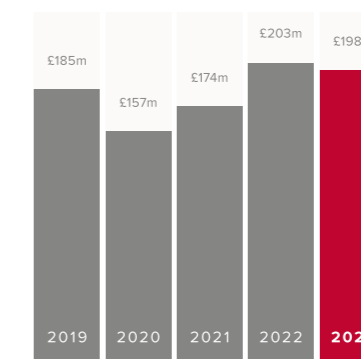
↑ Show homes at Ash Holt,  
Newton Garden Village, Nottinghamshire

# HALF-YEARLY PERFORMANCE SUMMARY



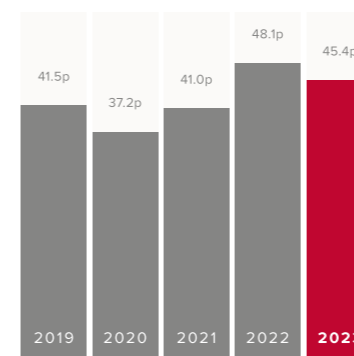
REVENUE

£1,031m -2%



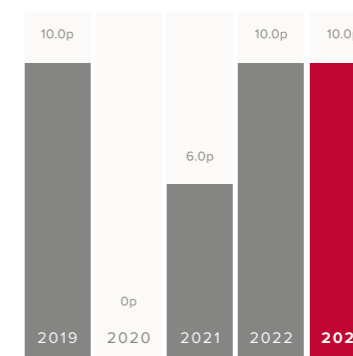
PROFIT BEFORE TAX

£198m -2%



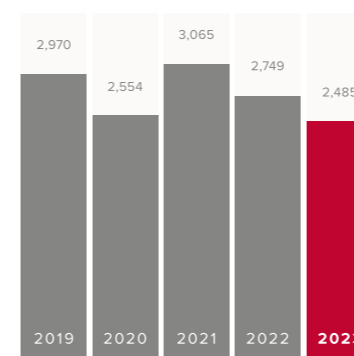
EARNINGS PER SHARE

45.4p -6%



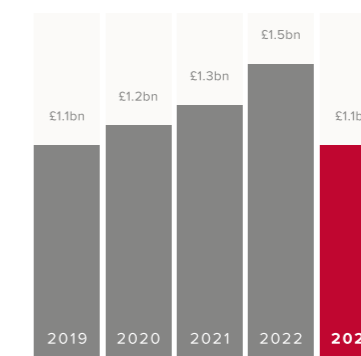
INTERIM DIVIDEND (PER SHARE)

10.0p



LEGAL COMPLETIONS

2,485 -10%



ORDER BOOK

£1.1bn -27%

## AWARD HIGHLIGHTS



# GROUP CHIEF EXECUTIVE'S STATEMENT

Our underlying profits are in line with the record level achieved in the first half of last year.



**MATTHEW PRATT**  
Group Chief Executive



← Kingsbourne,  
Nantwich, Cheshire

↓ The Oxford show home at  
Kensington Gate, Worcester



## OVERVIEW

Redrow's proven business model has played an important role during a time of significant political and economic uncertainty. We have award-winning homes and places, a strong forward order book, land acquired in the last few years at good margins, and current cash reserves of £107m. This is despite completing a £100m share buyback exercise on 13th January 2023, just after the financial half-year under review.

These strengths are all underpinned by our experienced team who have a track record of creating quality homes and successfully managing through similar cycles in the market. This includes closely monitoring work in progress, along with a very selective approach to land opportunities.

Over the second quarter of our financial year, the new homes market found itself in the eye of the storm. The Government's disastrous mini-budget drove significant increases in mortgage rates during an existing cost of living crisis. Inevitably, consumer confidence was badly affected.

Cancellations were elevated, driven higher by those customers who reserved prior to the mini-budget and who'd not secured a mortgage offer in advance of mortgage rate rises. All these factors combined to bring forward the traditional Christmas slowdown to October.

As the political and economic picture has stabilised, and mortgage rates continue to reduce from their elevated levels, consumer confidence has begun to show early signs of returning. Unique visitors to our website were up 17% during January 2023 compared with the previous year.

The first five weeks of the second half have seen a net reservation position of 0.51 per outlet per week.

I am very pleased that Geeta Nanda is joining the Board as an independent non-executive director on 1 May 2023. Geeta has held a number of senior executive and non-executive roles and will add valuable additional experience to the Redrow Board.

## FINANCIAL OVERVIEW

Group revenue was similar to the same period last year at £1.03bn (2022: £1.05bn). Total home legal completions in the first half were 2,485 (2022: 2,749).

Profit before tax was also comparable to the same period last year at £198m (2022: £203m). This was achieved with an operating margin of 19.3% (2022: 19.5%) for the first six months.

Our earnings per share for the first half is 45.4p, compared to 48.1p for the comparative period last year. This is in part due to the higher Corporation Tax and Residential Property Developer Tax rates at 24.5% versus 19% in 2022.

Our Return on Capital Employed is 23.2% (2022: 21.5%). We ended the first half with net cash of £107m (June 2022: £288m) and our average net monthly cash was broadly in line with the first half last year at £248m (H1 2022: £257m), even after taking account of the share buyback.

As a result of this strong performance the Board has declared an interim dividend of 10p, in line with the prior year (2022: 10p). The dividend will be paid on 6 April 2023 to shareholders on the register at the close of business on 24 February 2023. For the full year the company intends to maintain its payout ratio of 33%.

We are still experiencing build cost increases across materials as energy inflation, in particular, continues to have an impact. We expect cost inflation of c7% for the full financial year. Over time we expect the current market to drive more competition and to mitigate build cost inflation amongst our suppliers and subcontractors.

This strong financial performance was delivered in the context of a broken planning system. At a time when the Government is trying to achieve growth, it remains a major barrier.

Planning permissions are taking a record amount of time - well in excess of the statutory timescale of 13 weeks for reserved matters. This means a huge missed opportunity for the country in lost school places, infrastructure, employment and social

mobility. We continue to call on the Government to revisit its housing and planning strategy to help the country deliver growth and the homes it so badly needs to address the chronic housing shortage.

At the time of writing we are reviewing the Government's Long Form Agreement. It aims to legally formalise the industry-wide Building Safety Pledge, which Redrow signed in April 2022. This new document also widens builders' responsibilities with regard to potential remediation work, which may need to be undertaken. Although this would mean an increase to our Building Safety provision, we don't foresee this increase as being substantial. Regardless of the Long Form Agreement formalities, we are proceeding with the remediation of buildings we've identified as part of the pledge commitment.

We currently have 28,020 (2022: 29,600) plots in our current land holdings, with 37,800 plots in our strategic land bank. Given current trading conditions we are focused on obtaining planning permissions for our current land.

## A BETTER WAY TO LIVE

Redrow's sustainability strategy is integrated throughout the business via our long standing three strategic themes – Building Responsibly, Valuing People and Thriving Communities. In this way we bring to life our 'Better way to live' core

purpose for the benefit of our customers and communities.

Redrow has become the first large housebuilder to begin selling homes which will incorporate air source heat pumps as standard. Underfloor heating will also be provided as standard on the ground floor in our detached homes. The approach has been shaped by customer trials, research and the work of our own in-house design & innovation team.

These steps are all being taken in advance of the Government's proposals to make all new build properties gas-free from 2025. Currently, Redrow homes benefit from a 10% reduction in heat loss compared to our previous builds and are 63% more efficient than second hand homes built in the 1970s.

Redrow designs, which typically have a larger square footage than other new builds, work seamlessly with heat pump technology and allow ground floor underfloor heating to complement our open-plan layouts. As well as being desirable for customers, the lack of ground floor radiators also gives home owners even more space. This forms an important part of our efforts to support the goal of limiting global warming to 1.5c.

These efforts were further validated recently with the approval from the Science Based Targets Initiative of our Scope 1, 2 & 3 near term targets. This

marks a key step on our road to net-zero carbon.

Building Responsibly is a key pillar of our strategy and we were in the first select group of home builders to sign up for the New Homes Code of Practice, which is overseen by the independent New Homes Quality Board.

We welcome its introduction and the enhanced peace of mind it will provide our customers. We remain one of a handful of volume homebuilders to have implemented the new code.

Furthermore we are, once again, tracking at a Five Star level of customer satisfaction and we remain 'excellent' on Trustpilot with a TrustScore of 4.5.

Securing a pipeline of future talent is a central part of our Valuing People pillar and it was positive to see a record intake of graduates last year. Our new partnership with Nottingham Trent University looks to build on our existing initiatives, including our apprenticeship degree programme.

We'll be working long-term with the university's School of Architecture, Design and the Built Environment to engage with undergraduates throughout their degree courses.

We also continue to make progress on matters of equality, diversity and inclusivity and it was pleasing to see this recognised with our inclusion in

The Balmoral house type at Hartford Grange, Cheshire

the Financial Times' ranking of Europe's Diversity Leaders 2023.

#### CURRENT TRADING & OUTLOOK

During the uncertain times of the second quarter it was clear that maintaining a reasonable sales rate would be difficult. Therefore, we reduced our marketing spend and focused on preparing our new year campaign, ensuring the appropriate messaging and incentives to increase both footfall and reservations. This campaign has to date achieved our objective.

We have experienced a positive start to sales in the second half. Our net private reservation rate per outlet per week over the first five weeks of calendar year 2023 was 0.51 compared to 0.38 for the first half of the financial year. We also entered the second half with a total order book of £1.1bn, of which £0.8bn was private. We therefore expect to achieve revenue of around £2.05bn for the full financial year, with an operating margin in the region of 18% to 18.5%.

Despite economic turbulence over recent times, unemployment is still low, inflation is forecast to decrease and mortgage rates have improved for fixed rate products.

Our Heritage collection is uniquely positioned to capture the second hand market and our approach to energy efficiency will further cement our distinct market advantage.

Whilst 2023 will be a challenging year as the market resets, early indications are better than anticipated and the market appears to be finding a new, natural level.

We are well positioned to manage any changes in the market because of the Redrow team and our loyal subcontractor and supplier partners. They continue to deliver quality homes and places for thousands of families across England & Wales and I'd like to thank them again for all their efforts.

**Matthew Pratt**  
Group Chief Executive  
8 February 2023



### REDROW'S PROVEN BUSINESS MODEL

Has played an important role during a time of significant political and economic uncertainty.

**Matthew Pratt**  
Group Chief Executive

# A BETTER WAY

We believe there's a better way to live, and it starts with building premium homes that are better by design, creating better spaces and providing better customer service.

It's a promise we make to our customers that also runs through the rest of our business, ensuring we provide better opportunities for talent development to our colleagues, high quality working environments and support for a safer supply chain. We're going further than ever before to build better energy efficient homes, which go beyond regulatory requirements, allowing us to future proof our homes and to help our customers lower their energy use and carbon footprint. We are also pleased to announce that the Science Based Targets initiative (SBTi) has approved our near-term science-based carbon emissions reduction target which was submitted for

validation last year. Redrow has also committed to set long-term emissions reduction targets with the SBTi in line with reaching net-zero by 2050.

Our placemaking principles ensure we create places where communities can thrive. We're building on our Nature for People strategy, which launched mid-2020, by committing to ensure all planning applications submitted after November 2023 demonstrate an increase in biodiversity on site by at least 10%. A growing number of developments around the Group are already achieving this and our latest commitment will ensure we provide even more nature rich places such as



## >10%

**Target increase in biodiversity on all site planning applications from November 2023**

meadows, orchards, ponds and woodlands for communities to spend time.

We believe the Redrow difference sets us apart. Our Heritage Collection continues to deliver the traditional architectural design our customers love. Most designs are detached and offer gardens and spacious surrounds, combined with contemporary interiors that can be upgraded with smart home technology, electric car charging points and solar panels. From early this year, homes on some of our newest developments will be heated using air source heat pumps, as we move away from traditional gas boilers and towards even more eco-friendly designs. We have also introduced underfloor heating as standard to ground floor areas on all detached properties.

Our 'better way to live' purpose is supported by our three strategic pillars of creating Thriving Communities, Building Responsibly and Valuing People. This approach enables us to focus on the right activities that will achieve our purpose and create long term sustainable value for all our stakeholders.



← Woodford Garden Village, Cheshire

↓ The Stratford Lifestyle house type at Westley Green, Essex



# BETTER BY DESIGN

Our Heritage Collection homes blend characterful Arts and Crafts exteriors with contemporary layouts, offering a mix of private spaces, convivial open-plan areas and rooms to meet the needs of our customer's lifestyles like home offices.

We're constantly evolving our designs to ensure we offer our customers some of the most desirable and energy efficient homes on the market. This means working with our supply chain to deliver a product our customers will choose over other new homes and the second-hand market every time.

We've accelerated plans to bring the homes we build in line with the Government's proposals to make all new build properties gas-free from 2025. We will be installing air source heat pumps (ASHPs) in our homes to provide heating and hot water for our

customers on selected developments. This pioneering nationwide move is ahead of our volume housebuilder competitors and well in advance of the introduction of the Government's Future Homes Standard, planned for 2025.

Our decision to go further and move faster than our peers will enable us to manage this industry transformation at our own pace, ensuring we bring suppliers of new technology on board at the right time and manage the roll out carefully. Our ASHP research and development work has been underway for some time and continues as we

prepare a smooth path towards offering this technology in every new home and have begun training with our supply chain, our site teams and subcontractors on the installation.

ASHPs are a great fit for Redrow as they lend themselves to our designs, which typically have a larger square footage than other new homes. We'll also be introducing ground floor underfloor heating as standard in our detached homes which, as well as being a desirable feature for customers, works well with ASHPs and complements our open-plan designs, reducing the need for as many

The Chelford show home at Tabley Park, Knutsford, Cheshire



Advertising campaign to promote Underfloor Heating now provided as standard to ground floor areas in our detached homes on new up and coming developments



Home Office in the Canterbury show home at Oakwood Fields, Lancashire

traditional radiators and giving customers more living space.

Continuing to evolve our popular Heritage Collection, we've designed several new house styles, all featuring the usual Heritage hallmarks. These new homes have been introduced to offer an even greater choice for customers and to complement how our developments look and feel.

We've also added a five-bedroom, three-bathroom house to our standard Heritage Collection for the first time. Previously, five-bedroom homes have been the preserve of our 2,000+ sq ft premium designs. Now, at 1,850 sq ft, the two-storey Hampstead meets a need for larger families, including those who require a spare room or

homeworkers who wish to use a bedroom as an office. Downstairs, it features a large open-plan kitchen, dining and family area with large doors opening out to the garden, which our customers love.

While the Heritage Collection remains our core product, we are piloting a new contemporary range of homes this year at a location in South Wales. Based on our popular Heritage house styles, our new Inspired collection will feature modern and streamlined elevations, while still including brick and render finishes to maintain the Redrow look and feel. The designs will be used in locations where planners or the local vernacular dictate a requirement for more contemporary architecture.

We're also ensuring Electrical Vehicle (EV) chargers are installed on all our homes as standard, in locations that are practical for our customers and work aesthetically too, particularly for multipoint chargers on apartments and terraced houses. These locations are now included on drawings at the planning stage.

Our customers can continue to choose from a growing range of optional eco extras if they reserve early enough in the build process. For example, opting to add Photovoltaic (PV) panels will not only reduce homeowners' energy usage immediately, it will also mean our installers can build the PV panels into the roof, rather than them sitting on top of tiles, which is often the case when retro-fitting.

# BETTER ENERGY EFFICIENCY IN OUR HOMES

The changes outlined earlier in this report that we will be making over the next year – introducing ASHP technology and moving away from traditional gas boilers – will have the biggest impact to date on the energy efficiency of our homes as we transition towards an all-electric solution and our net zero carbon targets.

To date, we have focused on making the fabric of our homes even more efficient to meet changes to Building Regulations Part L. Our latest Heritage Collection designs benefit from a 10% reduction in heat loss compared to our previous designs, and our homes offer 63% improvement in heat loss than a home built in the 1970s. With our fabric efficiencies already being exceptionally high, we are now looking at additional options to further increase the overall efficiency of our homes.

We've completed an ASHP trial, which included a lived customer experience over the period of a year. This involved installing a Mitsubishi Electric ASHP with a traditional radiator system in an Oxford house type at Great Milton Park, in Newport, South Wales. The property was lived in by a Redrow homeowner and monitored for 12 months under 'real life' conditions. We are now expanding this trial to include additional pump suppliers.



↑ Air Source Heat Pump at Great Milton Park, Newport, Gwent

The ASHP's energy usage was monitored through Mitsubishi's cloud interface. This allowed us to see exactly how much energy was being consumed for heating and hot water and compare it to a benchmark plot (an identical house type with a traditional gas boiler). We found that the ASHP consumed much less energy than the gas boiler, operating at an efficiency of around two to three times that of an A rated gas boiler.

The customer's feedback shows that they were very satisfied with the overall heating system, including room temperature, ease of use, responsiveness, thermal comfort and

quality of heat. The hot water system also worked very well, including water temperature, responsiveness and speed of water replenishment. The homeowner considers the home to be more energy efficient and better for their carbon footprint than their previous property and has asked for the ASHP to remain in their home rather than the option to revert back to a gas boiler.

Due to the success of this and other trial work we have underway, the positive customer feedback and the collaboration with our supply chain, we

have taken the decision to start to implement a large-scale installation programme for ASHPs in our new homes being built across our operating divisions. The first Redrow homes fitted with ASHPs went on sale in December 2022. We continue to engage with our supply chain and plumbing contractors to enable research, development and understand training requirements.

Our decision to commence the early installation programme of ASHPs across our developments was strengthened by our extensive

## BUSINESS AMBITION FOR 1.5°C



research into customer thoughts and opinions on climate change and greener home technology. This customer-centric approach will continue throughout the forthcoming changes we'll make.

We undertook a survey with 1,000 UK adults, which found that climate change is a major issue for Britons, with nearly half of our survey respondents taking it into account when making purchase decisions. Having an energy efficient home was found to be one of the key ways adults feel they can make a difference – second only to recycling.

We also found energy efficiency is the third most important factor when considering a home purchase (with location the most important) and that motivations for this were primary financial, although only slightly more so than environmental. Approximately 34% of those surveyed claim to be 'familiar with' ASHPs and we found apprehension towards new technologies lies with the additional cost, as well as maintenance and servicing. There was also an acceptance that energy efficient homes are likely to have a 'small' price premium associated with them.

We followed this up with more qualitative focus groups which

enabled us to delve even deeper into homebuyers' motivations and any concerns over new technology. These revealed some lack of awareness and understanding amongst the general public around ASHPs and their benefits. The findings will help shape how we inform and educate our customers about ASHP technology. For example, we will be releasing a new customer facing video on ASHPs – offering a simple explanation of how they work and the long-term benefits. We are also training up our sales and customer service teams on how to explain ASHPs in more detail to potential homebuyers.

In addition, we're working with our ASHP suppliers – Mitsubishi, Daikin and Vaillant – to ensure they have a bespoke homeowner guide for all customers, plus a further written guide and how-to video for operating wireless thermostats. A company-wide awareness campaign around the launch of ASHPs will ensure we can all help customers and colleagues who may be unfamiliar with this technology and how it operates.

We are due to shortly conclude our separate trial of Wonderwall technology, which uses artificial intelligence, machine learning and renewable energy to turn the house into a more

sustainable, energy efficient home. This technology was installed in a standard Redrow home, which is also being lived in by customers and monitored for 12 months. This provides another valuable opportunity to learn more about our customers' behaviour and how they use their heating and lighting.

The changes outlined to meet new Building Regulations, including the move to ASHPs for heating and hot water systems and a fully electric specification, will ensure our homes will be 'zero-carbon ready' for when the grid is decarbonised. These initiatives will help us to rise to the challenge of meeting our commitment to achieving science-based net-zero emissions by no later than 2050 across our operations, homes and supply chain. This includes both direct and in-direct carbon emissions from scopes 1, 2 and 3.

Our response to the climate crisis remains our single largest environmental priority and we are determined we can play our part in limiting global warming to 1.5°C.

# 63%

Improvement rate in heat loss offered by our homes compared to a home built in the 1970s



↑ Vaillant site tour by Redrow's senior management team

# BETTER PLACES

With the Government's Building Beautiful Places plan bringing the design of developments into sharper focus, we are researching what Redrow customers and residents in established communities we have developed think makes a good place.

We recently surveyed over 800 Redrow residents, including those across three established Redrow communities in Northamptonshire and Kent – where residents have been living for up to eight years. In this survey we asked questions about the sense of community, quality of place, landscaping design and parking to help discover what makes a great place to live for our customers. We found 87% of respondents believed there was a good sense of community at their development, while 80% agreed environmentally sustainable features were important. We also received an average score for location of 4.51 out of 5. Residents' feedback has given us an invaluable insight into what works well and what requires improvement and this will help us to better shape our future developments.

We are now working to develop our methodology further to capture even more in-depth feedback on other established Redrow communities. The findings and data will be invaluable to us as we continue to design new communities to ensure that they closely align with what homebuyers are looking for in terms of quality of life.

We are also working to enhance our community consultations, which are undertaken as part of the planning process. We have appointed a provider of an innovative digital consultation platform, which will be trialled on a proposed development in spring 2023. Using an engaging visual format, this platform is designed to reach out to a wider audience, including via social media, and better capture the views of the 'silent majority'.

Our Redrow 8 placemaking principles continue to guide us to create developments that blend well with their surroundings and become thriving and sustainable communities that residents are proud to call home. We are now using these principles to audit completed developments and identify how we can improve and refine our approach to design and planning in the future. The first four formal audits took place at the end of 2022 and early results provide lots of positives together with key areas of learning we can take forward such as how landscaped areas are managed long term.

Our Nature for People strategy sets out our approach to designing and delivering new developments with beautiful green and blue spaces that benefit wildlife. These natural areas also enhance the environment for residents and the wider community.

We are already creating new communities that deliver this. For example, at Mill Meadows in South Wales we have transformed a derelict brownfield site into a thriving new community with green corridors and public open space, providing opportunities for both recreation and for wildlife to flourish. It's also the location of an important conservation success story. While the rare and endangered lesser horseshoe bat had previously roosted at the site, it was only with the creation of a new bespoke bat house that the population began breeding here again and continues to do so. We have also created refuges and hibernacula for slow worms at the edge of the retained woodland area.

We want to celebrate even more wildlife success stories while creating natural areas for people to enjoy. With this in mind, we are developing a new brief for our landscape architects, which complements our landscape manual, to further refine the design of our developments, putting nature and community at their heart.

Our customers value the conservation of nature on our developments. They are keen to see local wildlife being protected and habitats created and retained. We are creating new signage to help communities understand and enjoy these areas and provide further information about, for example, new meadow habitats. Connection with nature helps to create healthy and happy communities, so we are developing a range of engaging information about wildlife and natural features for each new development. This will be available for customers to view throughout their homebuying journey and beyond.

# 87%

Of surveyed residents believed there was a good sense of community at their development

The Nature Reserve at Heritage Park, Flintshire

Placemaking Audit taking place at Saxon Ridge, Wilton, Wiltshire





# BETTER QUALITY AND A SAFER SUPPLY CHAIN

Our aim is to deliver all homes to our customers on schedule and with zero defects, while keeping everyone safe in the process.

Our bespoke site manager app (Red SM) continues to add value to our business as we develop its capabilities into an even more rounded management tool for site colleagues. As a result, from spring 2023 our site teams will be able to record build progress and meter readings, alongside build quality checks. This streamlines our site managers' multiple tasks, making better use of their time and increasing accuracy of reporting. Being able to report build progress remotely also means we can accurately forecast build programmes for our customers and the business, while keeping a close check on quality.

In keeping with the New Homes Quality Code – the new industry code of practice for customers – our homeowners are now offered a pre-completion inspection with an accredited third party. This is done via a standardised checklist in Red SM, with all issues recorded to ensure prompt resolution. Our Subcontractor Portal has also been improved to capture more information and allow reported defects to be reviewed by the team responsible for rectifying them as smoothly and swiftly as possible.

Discover more about the New Homes Quality Code  
+ READ MORE P16



Finding new ways to build our homes better and more cost effectively, while being more sustainable and producing less waste, is more important than ever. Findings from our 2021 Reduce the Rubble waste project are now actioned with the launch of our latest Heritage Collection series. The actions are the result of collaborative working across the business and include measures designed to reduce wasteful off-cuts of timber and plasterboard. We've also improved materials storage on site to reduce the risk of damage and therefore wastage and maintain build dates.

We are looking at Modern Methods of Construction (MMC) and reviewing which parts of our homes could be manufactured off-site, while ensuring all the features our customers desire and expect from a Redrow home are preserved or enhanced. We'll also be considering how MMC would impact our carbon footprint, costs and build speed. In addition, our continued work to standardise build processes across the business supports our site teams and helps keep costs down.

We are committed to our role as the only housebuilder partner to the Considerate Constructors Scheme (CCS) and our scores remain consistently above target. Insights received through the scheme are consistently built into our processes on site and support our continued drive to increase standards.

Our Group Health, Safety and Environment (HS&E) Strategy is underpinned by two main objectives: 'Safe by Design' and 'Operating Responsibly'. We use toolbox talks, workshops, seminars and online updates to regularly engage with our employees, subcontractors and suppliers, to ensure they are operating in line with our strategy and implementing safe working practices at all times. This collaborative approach ensures everyone understands the role they play and is supported to fulfil that role. It also provides the means for our supply chain to feedback, not just on health, safety and environment, but

Subcontractor and Supplier Engagement Day at The Finches development, Halewood, Lancashire



Langley Grange, Scissett, West Yorkshire

with new ideas to reduce costs, increase sustainability or improve build efficiency.

Our division-led subcontractor conferences and engagement days are held every few months and provide a platform to raise HS&E and quality issues. For example, our Lancashire division recently invited more than 60 contractors and suppliers, to one of its flagship sites. Guided tours of the new site compound and various partly built homes, emphasised safety and wellbeing, while show home tours also gave an opportunity to focus on the quality of our finished homes.

In support of our drive to continuously improve our HS&E performance, we have increased the benchmark for divisions to attain during our HS&E assurance site inspections, as well as undertaking divisional HS&E audits and monthly environmental audits. Currently the overall Group performance is already above this new benchmark.

Internally we have revamped our existing HS&E management systems and delivered a bespoke HS&E leadership training initiative to ensure this remains a priority for the business and this is driven from the top.

A better relationship with suppliers and subcontractors equals better availability of materials, better costs and better visibility. Increasing costs for labour and materials have been mitigated by our long-term and consistent relationships with our supply chain. We work collaboratively to ensure we provide detailed forecasting information to our suppliers regarding build targets, while maintaining strong visibility across our supply chains, to ease pressure points.

We are also working closely with our supply chain on environmental issues as we look to reduce waste, our use of natural resources and our carbon footprint. Our policy is to engage suppliers and subcontractors on our Environmental Social Governance (ESG) targets so they know what will be expected of them in the future and can prepare. Our 'four strategic elements' of Governance, Leadership, Ownership and Workplaces help us to promote awareness and encourage further improvement.

We have engaged with our suppliers to understand progress towards carbon reduction targets and inform them of our requirements through questionnaires and in-person

meetings. Streamlining our waste management providers has improved service levels, maximised effectiveness, created training opportunities for our operatives and improved data reporting.

Through the Supply Chain Sustainability School, we're working with suppliers to ensure sustainable procurement, with an emphasis on carbon reduction, waste minimisation and specifically to reduce packaging. Our approach to supplier appraisals is regularly reviewed and strengthened as we adapt to new industry requirements. We've also delivered 'carbon in procurement' workshops to all commercial employees within the business to increase awareness.

As we press ahead with introducing new, carbon efficient technology in our homes, it's important our employees have the best possible understanding of new products. For example, we're working with air source heat pump suppliers to offer training to all regional plumbers and our internal build teams on installation.

Finally, during the last six months, we have continued to make improvements to our environmental management system which in turn has allowed us to maintain our ISO 14001 accreditation.

# BETTER CUSTOMER SERVICE

We are proud to be one of the first housebuilders to implement the New Homes Quality Code, which champions quality and puts customers at the heart of the new build process.

Our teams worked incredibly hard to ensure we were able to register and activate at the first opportunity in October 2022 with the New Homes Quality Board (NHQB), which oversees the voluntary code.

An independent not-for-profit organisation, the NHQB has been set up to offer better protection and increased transparency for customers and grow confidence within the new build sector.

We welcome the new code of practice, which covers everything from sales methods to construction quality and aftercare service, so homebuyers know what to expect throughout their experience, and after they move in. Backing up the new code is a new Ombudsman service which will act as an independent watchdog to provide additional redress for customers on unresolved issues.

Thankfully our homebuyers' experiences are among the best in the industry, evidenced by our five-star rating from the Home Builder's Federation (HBF) for customer satisfaction. A five-star rating means more than 90% of homebuyers would recommend us to family and friends. In fact, our 2022 recommend score was 94.5% and we are also rated 'excellent' on Trustpilot, with an average score of 4.5 out of 5.

One of the ways we enhance our customer experience is through the personalisation of the journey and this includes our bespoke video messaging. A first for any UK housebuilder, our sales, construction and customer service colleagues are all able to create and send branded text messages to our customers containing personalised videos. These include introductions to team members, appointment reminders and



hard hat tours, which can all be shared with family and friends.

We also use this video messaging for lots of other things, from helping customers select options for their welcome hamper, to providing details on a customer service technician appointment. All video messages are quality checked and GDPR compliant.

The tailored messages provide a personal and human element to our digital customer service offering and complement our My Redrow customer platform seamlessly. They have also been popular, with customers

Customer Service Technician appointments can be booked using the digital customer service platform

frequently viewing videos multiple times. In the first half of this financial year, we sent almost 22,000 films to customers, which have been viewed a total of 35,000 times. Thanks to the dedication of our colleagues to go above and beyond for their customers, we've been able to adapt the videos we send to suit specific needs, such as creating sign language videos for deaf customers.

We're constantly on hand via other digital platforms to provide support, wherever and however our customers want to get in touch with us, including on social media.

In addition, we closely monitor our online reviews, for example via Trustpilot, to ensure we can consistently work towards improving

customer satisfaction standards. Among our employees we have a team of over 100 sales, build and customer services representatives – our reputation army – who read and respond directly to each of their customers who posts a review.

We've renewed our membership with the Institute of Customer Service (ICS) and continue to work closely with them to improve our customer service offering. It's vital we learn from experts outside our own industry and Jo Causon, CEO of the ICS, attended our customer conference earlier this year to speak to our colleagues across a range of topics.



We've also celebrated being named a finalist at the UK Customer Satisfaction Awards 2023 in the category of Best Application of Technology for our unique digital-led customer journey. Winners will be announced in March 2023.

Redrow customers taking part in a Hard Hat Tour of their new home



# BETTER PEOPLE AND TALENT DEVELOPMENT

In the last six months we've moved to secure an even stronger pipeline of talent into the business, as well as expanding our learning and development programmes for employees.



↑ Sponsored Degree Students

← Apprentices training at Stephenson College

Our apprenticeships, undergraduate placements and graduate schemes all continue to give young people a strong platform for a successful housebuilding career, while our innovative partnerships with external organisations open new routes into the business, helping us to secure a highly skilled workforce for the future.

Our new partnership with Nottingham Trent University (NTU) places students in the front row for industry placements and future employment. Sharing a culture of excellence, coupled with a pledge to support social mobility, we'll be working

long-term with the university's School of Architecture, Design and the Built Environment to engage with undergraduates throughout their degree courses.

Over the next three years we have committed to providing site visits, live projects for students to work on, guest speakers and representatives at job fairs. For example, in December, we hosted a visit for first year students at Newton Garden Village to showcase the different stages of the build process at one of our flagship garden village developments.

As part of our commitment to social mobility, the Redrow Work Experience Fund is available to help students to take up unpaid work experience or access a sandwich placement. This dovetails well with the Redrow Progression Fund, which ensures support continues for students, covering expenses such as clothing and travel to interviews during their search for work.

Our collaboration with NTU supports the objectives of both organisations as well as the social and economic progression of students starting their career in construction. Our hope is to provide an enriched education,

long-lasting benefits for students, and further strengthen the pipeline of talent into our business.

We strive to build a culture that is inclusive to all, which enables employees to be themselves at work, actively values difference and ensures everyone is treated fairly.

We have published targets to increase the percentage of females recruited into graduate roles to 40%, the percentage of ethnically diverse apprentices to 12.5%, and the percentage of female employees in senior management roles to 28%, all by 2025.

We have embedded our equality, diversity and inclusion (ED&I) initiatives throughout the business and have a group of more than 80 representatives who act as points of contact, feedback ideas and drive the vision.

Over the last six months, we held our first menopause café at our Group head office and have delivered menopause awareness sessions across the business. We also hosted a series of webinars covering neurodiversity, diabetes, and a focus session on Carers UK. This helped to launch our Carers' Portal with Carers UK that all our employees can access for resources and information on

finding the right support. After listening to our customers and employees, we are now supporting sales consultants and customer service colleagues to train for their Level 1 British Sign Language qualification.

November 2022 saw Redrow included in the FT's annual listing for Diversity Leaders 2023; the fourth annual ranking to be compiled by the FT and Statista, based on employee perception. We were also 'highly commended' at the Construction News Workforce Awards for our submission in the category of Equality, Diversity and Inclusion initiative of the year, which focused on our diversity workshops.

↓ Nottingham Trent University Partnership, site visit of students to Newton Garden Village, Nottinghamshire



Interior in The Shrewsbury show home at Eagle Gate, Tamworth, Staffordshire



## RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with the UK adopted International Accounting Standard 34, Interim Financial Reporting; and
- the interim management report includes a fair review of the information required by:
  - a) 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 financial year; and
  - b) 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 REDROW PLC AS AT THE DATE OF THIS STATEMENT ARE:

Richard Akers  
Matthew Pratt  
Barbara Richmond  
Nicky Dulieu  
Oliver Tant

By order of the Board

Graham Cope  
Company Secretary

8 February 2023

Redrow plc  
Redrow House  
St David's Park  
Flintshire  
CH5 3RX

## CONSOLIDATED INCOME STATEMENT

	NOTE	UNAUDITED 26 WEEKS ENDED 1 JANUARY 2023 £M	UNAUDITED 27 WEEKS ENDED 2 JANUARY 2022 £M	AUDITED 53 WEEKS ENDED 3 JULY 2022 PRE- EXCEPTIONAL ITEM £M	AUDITED 53 WEEKS ENDED 3 JULY 2022 EXCEPTIONAL ITEM £M	AUDITED 53 WEEKS ENDED 3 JULY 2022 TOTAL £M
Revenue		1,031	1,052	2,140	–	2,140
Cost of sales		(774)	(797)	(1,624)	(164)	(1,788)
<b>Gross profit</b>		<b>257</b>	255	516	(164)	352
Administrative expenses		(58)	(50)	(102)	–	(102)
<b>Operating profit</b>		<b>199</b>	205	414	(164)	250
Financial income		2	–	2	–	2
Financial costs		(3)	(2)	(6)	–	(6)
Net financing costs		(1)	(2)	(4)	–	(4)
<b>Profit before tax</b>		<b>198</b>	203	410	(164)	246
Income tax expense	2	(48)	(39)	(82)	33	(49)
<b>Profit for the period</b>		<b>150</b>	164	328	(131)	197
<b>Earnings per share – basic</b>	4	<b>45.4p</b>	48.1p	96.0p		57.7p
<b>– diluted</b>	4	<b>45.3p</b>	48.0p	95.8p		57.5p

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	NOTE	UNAUDITED 26 WEEKS ENDED 1 JANUARY 2023 £M	UNAUDITED 27 WEEKS ENDED 2 JANUARY 2022 £M	AUDITED 53 WEEKS ENDED 3 JULY 2022 PRE- EXCEPTIONAL ITEM £M	AUDITED 53 WEEKS ENDED 3 JULY 2022 EXCEPTIONAL ITEM £M	AUDITED 53 WEEKS ENDED 3 JULY 2022 TOTAL £M
Profit for the period		150	164	328	(131)	197
<b>Other comprehensive income</b>						
<b>Items that will not be reclassified to profit or loss</b>						
Remeasurements of post employment benefit obligations	5	(16)	10	(1)	–	(1)
Deferred tax on remeasurements taken directly to equity		5	(3)	–	–	–
<b>Other comprehensive (expense)/income for the period net of tax</b>		<b>(11)</b>	7	(1)	–	(1)
<b>Total comprehensive income for the period</b>		<b>139</b>	171	327	(131)	196

## CONSOLIDATED BALANCE SHEET

	NOTE	UNAUDITED AS AT 1 JANUARY 2023 £M	UNAUDITED AS AT 2 JANUARY 2022 £M	AUDITED AS AT 3 JULY 2022 £M
<b>Assets</b>				
Intangible assets		1	–	1
Property, plant and equipment		22	19	20
Lease right of use assets		7	5	5
Deferred tax assets		1	1	1
Retirement benefit surplus	5	23	50	39
<b>Total non-current assets</b>		<b>54</b>	75	66
Inventories	6	2,943	2,644	2,740
Trade and other receivables		35	48	76
Current corporation tax		4	–	7
Cash and cash equivalents	8	107	242	288
<b>Total current assets</b>		<b>3,089</b>	2,934	3,111
<b>Total assets</b>		<b>3,143</b>	3,009	3,177
<b>Equity</b>				
Retained earnings at 3 July 2022/27 June 2021		1,846	1,768	1,768
Profit for the period		150	164	197
Other comprehensive (expense)/income for the period		(11)	7	(1)
Dividends paid		(76)	(65)	(100)
Net purchase of own shares arising from share buyback programme		(96)	–	–
Movement due to equity based share options and owned shares held by EBT		2	(25)	(18)
Retained earnings	12	1,815	1,849	1,846
Share capital	11	36	37	37
Share premium account		59	59	59
Other reserves		8	8	8
<b>Total equity</b>		<b>1,918</b>	1,953	1,950
<b>Liabilities</b>				
Bank loans	8	–	–	–
Trade and other payables	7	120	141	91
Deferred tax liabilities		9	18	15
Long-term provisions	10	90	43	110
<b>Total non-current liabilities</b>		<b>219</b>	202	216
Trade and other payables	7	893	853	914
Provisions	10	113	–	97
Current income tax liabilities		–	1	–
<b>Total current liabilities</b>		<b>1,006</b>	854	1,011
<b>Total liabilities</b>		<b>1,225</b>	1,056	1,227
<b>Total equity and liabilities</b>		<b>3,143</b>	3,009	3,177

Redrow plc Registered no. 2877315

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL £M	SHARE PREMIUM ACCOUNT £M	OTHER RESERVES £M	RETAINED EARNINGS £M	TOTAL £M
At 28 June 2021	37	59	8	1,768	1,872
Total comprehensive income for the period	–	–	–	171	171
Dividends paid	–	–	–	(65)	(65)
Movement in LTIP/SAYE	–	–	–	(25)	(25)
<b>At 2 January 2022 (Unaudited)</b>	<b>37</b>	<b>59</b>	<b>8</b>	<b>1,849</b>	<b>1,953</b>
At 28 June 2021	37	59	8	1,768	1,872
Total comprehensive income for the period	–	–	–	196	196
Dividends paid	–	–	–	(100)	(100)
Net purchase of own shares to satisfy share options	–	–	–	(22)	(22)
Other LTIP/DB/SAYE credit	–	–	–	4	4
<b>At 3 July 2022 (Audited)</b>	<b>37</b>	<b>59</b>	<b>8</b>	<b>1,846</b>	<b>1,950</b>
At 4 July 2022	37	59	8	1,846	1,950
Total comprehensive income for the period	–	–	–	139	139
Dividends paid	–	–	–	(76)	(76)
Net purchase of own shares arising from share buyback programme	(1)	–	–	(96)	(97)
Other LTIP/DB/SAYE credit	–	–	–	2	2
<b>At 1 January 2023 (Unaudited)</b>	<b>36</b>	<b>59</b>	<b>8</b>	<b>1,815</b>	<b>1,918</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

	NOTE	UNAUDITED 26 WEEKS ENDED 1 JANUARY 2023 £M	UNAUDITED 27 WEEKS ENDED 2 JANUARY 2022 £M	AUDITED 53 WEEKS ENDED 3 JULY 2022 £M
<b>Cash flows from operating activities</b>				
Profit for the period		150	164	197
Depreciation and amortisation		3	3	5
Financial income		(2)	–	(2)
Financial costs		3	2	6
Income tax expense		48	39	49
Adjustment for non-cash items		(1)	–	7
Decrease in trade and other receivables		41	52	24
(Increase) in inventories		(203)	(131)	(227)
Increase in trade and other payables		8	75	86
(Decrease)/increase in provisions		(4)	9	173
<b>Cash inflow generated from operations</b>		<b>43</b>	<b>213</b>	<b>318</b>
Interest paid		(1)	–	(2)
Tax paid		(45)	(37)	(55)
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(3)</b>	<b>176</b>	<b>261</b>
<b>Cash flows from investing activities</b>				
Acquisition of software, property, plant and equipment		(5)	(1)	(4)
Interest received		2	–	1
<b>Net cash (outflow) from investing activities</b>		<b>(3)</b>	<b>(1)</b>	<b>(3)</b>
<b>Cash flows from financing activities</b>				
Payment of lease liabilities		(2)	(1)	(3)
Purchase of own shares		(97)	(27)	(27)
Dividends paid	3	(76)	(65)	(100)
<b>Net cash (outflow) from financing activities</b>		<b>(175)</b>	<b>(93)</b>	<b>(130)</b>
<b>(Decrease)/increase in net cash and cash equivalents</b>		<b>(181)</b>	<b>82</b>	<b>128</b>
Net cash and cash equivalents at the beginning of the period		288	160	160
<b>Net cash and cash equivalents at the end of the period</b>	8	<b>107</b>	<b>242</b>	<b>288</b>

# NOTES TO THE HALF-YEARLY FINANCIAL INFORMATION

## 1. ACCOUNTING POLICIES

### Basis of preparation

The condensed consolidated half-yearly financial information for the 26 weeks ended 1 January 2023 has been prepared on a going concern basis in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34 interim Financial Reporting, as adopted by the United Kingdom. The Directors consider this to be appropriate for the reasons outlined below.

The condensed consolidated financial statements are unaudited. A copy of the audited statutory accounts for year ended 3 July 2022 has been delivered to the Registrar of Companies.

The annual financial statements of the group for the 52 weeks to 2 July 2023 will be prepared in accordance with UK adopted international accounting standards (IFRS) in conformity with the requirements of the Companies Act 2006. As required by the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the company's published consolidated financial statements for the 53 weeks ended 3 July 2022 which were prepared in accordance with applicable IFRSs.

### Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the reasons outlined below.

The Group renewed its available banking facilities in March 2021. As a result, the Group has a £350m Revolving Credit Facility (RCF) (2022: £350m) provided by an established syndicate of six banks being Barclays Bank PLC, Lloyds Bank Plc, The Royal Bank of Scotland Group Plc, Santander, HSBC and Svenska. This expires in September 2025 and is a committed unsecured facility. No change to the RCF covenants was made as a result of the renewal. As at 8 February 2023, £350m of this facility was undrawn. It is likely that the RCF will be renewed prior to its expiry in September 2025.

In addition the Group is in a net cash position at 1 January 2023 and 7 February 2023 and also has £3m of unsecured, uncommitted facilities.

The Directors have prepared forecasts including cashflow forecasts for a period of at least 12 months from the date of signing of these financial statements (the going concern assessment period). These forecasts indicate that the Group will have sufficient funds to meet its liabilities as they fall due, taking into account the following severe but plausible downside assumptions:

- A 10% price reduction on all unexchanged private and social legal completions for the going concern assessment period compared to the base case Board approved budgeted prices;
- A 20% volume reduction for the going concern assessment period compared to the base case Board approved budgeted volumes; and
- A 7% build cost increase on budgeted costs in FY23 and a 3% increase on budgeted costs in FY24.

These downside assumptions reflect the potential impact of increased economic uncertainty, the further potential impact of the war in Ukraine, disruption in the energy and fuel market, inflation pressure, increasing rates of unemployment and the impact on consumer confidence levels.

Allowing for the above downside scenario, the model shows the Group has adequate levels of liquidity from its committed facilities and complies with all its banking covenants throughout the forecast period. The Directors therefore consider that the Group will have sufficient funds to continue to meet its liabilities as they fall due for the forecast period and have therefore adopted the going concern basis of accounting in preparing these financial statements.

Redrow plc is a public listed company, listed on the London Stock Exchange and domiciled in the UK.

The half-yearly condensed consolidated report should be read in conjunction with the annual consolidated financial statements for the 53 weeks ended 3 July 2022, which have been prepared in accordance with UK adopted international accounting standards.

This half-yearly financial information does not comprise statutory accounts within the meaning of section 435 of the Companies Act 2006. The comparative figures for the financial period ended 3 July 2022 are not the Group's statutory accounts for that financial year. Audited statutory accounts for the 53 weeks ended 3 July 2022 were approved by the Board of Directors on 13 September 2022 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 (2) or (3) of the Companies Act 2006.

The principal accounting policies adopted in the preparation of this condensed half-yearly financial information are included in the annual consolidated financial statements for the 53 weeks ended 3 July 2022. The accounting policies are consistent with those followed in the preparation of the financial statements to the 53 weeks ended 3 July 2022.

The preparation of condensed half-yearly financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may subsequently differ from these estimates. In preparing this condensed half-yearly financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the 53 weeks ended 3 July 2022.

The main operation of the Group is focused on housebuilding. As it operates entirely within the United Kingdom, the Group has only one reportable business and geographic segment. After considering the requirements of IFRS 15 to present disaggregated revenue, the Group does not believe there is any disaggregation criteria applicable to its one reportable business and geographic segment. There is no material difference between any assets or liabilities held at cost and their fair value.

### Principal risks and uncertainties

As with any business, Redrow plc faces a number of risks and uncertainties in the course of its day to day operations.

The principal risks and uncertainties facing the Group are outlined within our half-yearly report 2023 (note 18). We have reviewed the risks pertinent to our business in the 26 weeks to 1 January 2023 and which we believe to be relevant for the remaining 26 weeks to 2 July 2023.

## 2. INCOME TAXES

Income tax charge is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year (24.5% (2022: 20%)) based on substantively enacted corporation tax and Residential Property Developer Tax (RPDT) rates. Deferred taxation balances have been valued at 29% (2022: 25%) being the corporation tax rate from 1 April 2023 substantively enacted on 24 May 2021 plus 4% RPDT with the exception of the deferred tax liability on employee benefits which has been calculated at 35% (2022: 35%).

## 3. DIVIDENDS

A dividend of £76m was paid in the 26 weeks ended 1 January 2023 (27 weeks ended 2 January 2022: £65m).

## 4. EARNINGS PER SHARE

The basic earnings per share calculation for the 26 weeks ended 1 January 2023 is based on the weighted number of shares in issue during the period of 330m (27 weeks ended 2 January 2022: 341m) excluding treasury shares held by the company and those held in trust under the Redrow Long Term Incentive Plan, which are treated as cancelled.

Diluted earnings per share has been calculated after adjusting the weighted average number of shares in issue for all potentially dilutive shares held under unexercised options.

### 26 weeks ended 1 January 2023 (Unaudited)

	EARNINGS £M	NUMBER OF SHARES MILLIONS	PER SHARE PENCE
Basic earnings per share	150	330	45.4
Effect of share options and SAYE	–	1	(0.1)
Diluted earnings per share	150	331	45.3

### 27 weeks ended 2 January 2022 (Unaudited)

	EARNINGS £M	NUMBER OF SHARES MILLIONS	PER SHARE PENCE
Basic earnings per share	164	341	48.1
Effect of share options and SAYE	–	1	(0.1)
Diluted earnings per share	164	342	48.0

**4. EARNINGS PER SHARE (CONTINUED)****53 weeks ended 3 July 2022 (Audited)**

	EARNINGS £M	NUMBER OF SHARES MILLIONS	PER SHARE PENCE
<b>UNDERLYING – PRE EXCEPTIONAL ITEM</b>			
Basic earnings per share	328	342	96.0
Effect of share options and SAYE	–	1	(0.2)
Diluted earnings per share	328	343	95.8
<b>STATUTORY</b>			
Basic earnings per share	197	342	57.7
Effect of share options and SAYE	–	1	(0.2)
Diluted earnings per share	197	343	57.5

**5. PENSIONS**

The amounts recognised in respect of the defined benefit section of the Group's Pension Scheme are as follows:

	UNAUDITED 26 WEEKS ENDED 1 JANUARY 2023 £M	UNAUDITED 27 WEEKS ENDED 2 JANUARY 2022 £M	AUDITED 53 WEEKS ENDED 3 JULY 2022 £M
<b>Amounts included within the consolidated income statement</b>			
<b>Period operating costs</b>			
Scheme administration expenses	–	–	–
Net interest on defined benefit liability	–	–	–
<b>Amounts recognised in the consolidated statement of comprehensive income</b>			
Return on scheme assets excluding interest income	(28)	15	(40)
Actuarial movements arising from change in financial assumptions	18	(5)	40
Actuarial movements arising from experience adjustments	(6)	–	(1)
	(16)	10	(1)
<b>Amounts recognised in the consolidated balance sheet</b>			
Present value of the defined benefit obligation	(84)	(141)	(97)
Fair value of the Scheme's assets	107	191	136
<b>Surplus in the consolidated balance sheet</b>	<b>23</b>	<b>50</b>	<b>39</b>

On 27 January 2023 the Trustees of the Redrow Staff Pension Scheme (the "Scheme") entered into a bulk annuity buy-in contract with Standard Life. As part of this process, the Trustees made an investment strategy decision that culminated in them agreeing to exchange the assets of the Scheme for an insurance policy, which exactly matches the projected cashflows for all future pension benefits. This change in investment strategy eliminates significant risks associated with the Scheme. However, by the Trustees entering into this contract, the Company has not agreed to a full buy-out of the Scheme, which would pass the obligations of the Scheme to the insurer. Therefore the Company retains responsibility for all its obligations in relation to the Scheme.

**6. INVENTORIES**

	UNAUDITED AS AT 1 JANUARY 2023 £M	UNAUDITED AS AT 2 JANUARY 2022 £M	AUDITED AS AT 3 JULY 2022 £M
Land for development	1,816	1,607	1,710
Work in progress	1,056	963	962
Stock of showhomes	71	74	68
	2,943	2,644	2,740

**7. LAND CREDITORS (INCLUDED IN TRADE AND OTHER PAYABLES)**

	UNAUDITED AS AT 1 JANUARY 2023 £M	UNAUDITED AS AT 2 JANUARY 2022 £M	AUDITED AS AT 3 JULY 2022 £M
Due within one year	297	200	289
Due in more than one year	115	138	87
	412	338	376

**8. ANALYSIS OF NET CASH**

	UNAUDITED AS AT 1 JANUARY 2023 £M	UNAUDITED AS AT 2 JANUARY 2022 £M	AUDITED AS AT 3 JULY 2022 £M
Cash and cash equivalents	107	242	288
Bank loans	–	–	–
	107	242	288

Net cash excludes land creditors and lease liabilities arising under IFRS 16.

**9. BANK FACILITIES**

At 1 January 2023, the Group had total unsecured bank borrowing facilities of £353m (2 January 2022: £353m), representing £350m committed facilities and £3m uncommitted facilities. The Group's syndicated loan facility matures on 30 September 2025.

**10. PROVISIONS**

	LEGACY FIRE SAFETY PROVISION £M	OTHER £M	TOTAL £M
At 3 July 2022 (audited)	200	7	207
Provisions utilised	(4)	–	(4)
<b>As at 1 January 2023 (unaudited)</b>	<b>196</b>	<b>7</b>	<b>203</b>
		UNAUDITED AS AT 1 JANUARY 2023 £M	AUDITED AS AT 3 JULY 2022 £M
Current provisions		113	97
Non-current long term provisions		90	110
		203	207



**10. PROVISIONS (CONTINUED)****Legacy fire safety provision**

Redrow is predominantly a housebuilder, however the Group historically built a small number of high rise buildings, mostly on a design and build basis by main contractors. The Group signed the Government's Building Safety Pledge in April 2022 and is committed to funding the remediation of life critical fire safety issues on buildings over 11 metres in which the Group was involved going back 30 years. The Legacy fire safety provision reflects the estimated cost of works outstanding to complete the remediation of life critical fire safety issues on all identified buildings within scope. In estimating the cost of the works, Management has used relevant Building Safety Fund cost information and other external information as the basis of its estimates and classified buildings identified as in scope on the basis of a high level risk assessment including their EWS1 (External Wall Fire Review) status. However, these estimates are inherently uncertain as this is a highly complex area involving bespoke buildings for which investigations and assessments will be ongoing for some time. It is expected that £113m of the remaining provision will be utilised in the next 12 months and the remainder over the following three years although these timescales are subject to the completion of negotiations with relevant stakeholders. Provisions are discounted to net present value where the effect is material.

**11. ISSUED SHARE CAPITAL****Allotted, called up and fully paid**

	NUMBER	£M
At 3 July 2022 ordinary shares of 10.5p each	352,190,420	37
Purchased and cancelled in share buyback programme	(12,404,382)	(1)
As at 1 January 2023 ordinary shares of 10.5p	339,786,038	36

As part of the £100m share buyback programme announced on 14 July 2022, in addition to the 12,404,382 ordinary shares purchased and cancelled, a further 8,269,586 ordinary shares were purchased and are held as treasury shares at 1 January 2023. Post half year end, the Company completed its share buyback programme with the purchase of 746,207 further ordinary shares of which 447,724 were cancelled and 298,483 held as treasury shares. This is a non-adjusting post balance sheet event.

**12. RETAINED EARNINGS**

Included in retained earnings of £1,815m at 1 January 2023 is £38m in respect of treasury shares held by the Company (at 2 January 2022: £nil).

**13. CONTINGENT LIABILITIES**

The Company has guaranteed the bank borrowings of its subsidiaries. Performance bonds and other building or performance guarantees have been entered into in the normal course of business. Management consider the possibility of a cash outflow in settlement to be remote.

**14. RELATED PARTIES**

Key management personnel, as defined under IAS 24 'Related Party Disclosures', are identified as the Executive Management Team and the Non-Executive Directors. Summary key management remuneration is as follows:

	UNAUDITED 26 WEEKS ENDED 1 JANUARY 2023 £M	UNAUDITED 27 WEEKS ENDED 2 JANUARY 2022 £M	AUDITED 53 WEEKS ENDED 3 JULY 2022 £M
Short-term employee benefits	2	2	5
Share-based payment charges	1	1	2
	3	3	7

**15. ALTERNATIVE PERFORMANCE MEASURES**

Redrow uses a variety of Alternative Performance Measures (APMs) which are not defined or specified by IFRSs but which the Directors believe are pertinent to reviewing and understanding the broader performance of the Group, in conjunction with IFRS defined measures.

**Interim dividend per share**

Interim dividend per share declared in respect of financial year.

**Legal completions**

The number of homes legally completed in the half year.

**Order Book**

The value of reserved and exchanged sales which had not legally completed at the half year end.

**Return on capital employed**

Capital employed is defined as total equity plus net debt or minus net cash.

ROCE – at half year end, this is calculated as operating profit for the 52 weeks to 1 January 2023 and 53 weeks to 2 January 2022 before exceptional items as a percentage of the average of current year 1 January 2023 and prior year 2 January 2022 capital employed.

	26 WEEKS ENDED 1 JANUARY 2023 £M	27 WEEKS ENDED 2 JANUARY 2022 £M
<b>Operating Profit</b>		
26 weeks to 1 January 2023	199	27 weeks to 2 January 2022
53 weeks to 3 July 2022	414	52 weeks to 27 June 2021
27 weeks to 2 January 2022	(205)	26 weeks to 27 December 2020
<b>52 weeks to 1 January 2023</b>	<b>408</b>	<b>53 weeks to 2 January 2022</b>
<b>Capital Employed</b>		
Total equity 1 January 2023	1,918	Total equity 2 January 2022
Net cash 1 January 2023	(107)	Net cash 2 January 2022
<b>Capital employed 1 January 2023</b>	<b>1,811</b>	<b>Capital employed 2 January 2022</b>
Total equity 2 January 2022	1,953	Total equity 27 December 2020
Net cash 2 January 2022	(242)	Net debt 27 December 2020
<b>Capital employed 2 January 2022</b>	<b>1,711</b>	<b>Capital employed 27 December 2020</b>
<b>Average capital employed</b>	<b>1,761</b>	<b>Average capital employed</b>
<b>ROCE %</b>	<b>23.2%</b>	<b>ROCE %</b>
		<b>21.5%</b>

**16. GENERAL INFORMATION**

Redrow plc is a public limited company incorporated and domiciled in England and Wales and has its primary listing on the London Stock Exchange.

The registered office address is Redrow House, St David's Park, Flintshire, CH5 3RX.

**Financial Calendar**

Interim dividend record date	24 February 2023
Interim dividend payment date	6 April 2023
Announcement of results for the 52 weeks to 2 July 2023	13 September 2023
Final dividend record date	22 September 2023
Circulation of Annual Report	6 October 2023
Annual General Meeting	10 November 2023
Final dividend payment date	16 November 2023






**17. SHAREHOLDER ENQUIRIES**









The Registrar of Redrow plc is Computershare Investor Services PLC. Shareholder enquiries should be addressed to the Registrar at the following address:






Registrars Department  
The Pavilions  
Bridgwater Road  
Bristol  
BS99 6ZZ  
Shareholder helpline: 0370 707 1257








**18. RISK AND RISK MANAGEMENT**

The Board has carried out a robust assessment of the Group's emerging and principal risks. The following tables outline Redrow's principal risks, together with key controls and mitigating strategies.

STRATEGIC OBJECTIVE	RISK	RISK OWNERS	KEY CONTROLS AND MITIGATING STRATEGIES	EXAMPLE KEY RISK INDICATORS
 <b>THRIVING COMMUNITIES</b>	<b>HOUSING MARKET</b> The UK housing market conditions have a direct impact on our business performance.	Group Chief Executive	Ongoing and regular monitoring of Government policy consultations and developments and lobbying as appropriate.  Close monitoring of Government guidance.  Market conditions and trends are being closely monitored allowing management to identify and respond to any sudden changes or movements.  Weekly review of sales at Group, divisional and site level with monitoring of pricing trends and customer demographics.  Ensuring strong relationships with lenders and valuers to ensure they recognise our premium product.  Delegated Crisis Committee established with Executive Board meetings a minimum of twice weekly in times of crisis.	<ul style="list-style-type: none"> <li>Leading market indicators re volumes and values</li> <li>Weekly sales statistics</li> </ul>
 <b>BUILDING RESPONSIBLY</b>   <b>VALUING PEOPLE</b>	<b>KEY SUPPLIER OR SUBCONTRACTOR FAILURE</b> The failure of a key component of our supply chain to perform due to financial failure or production issues could disrupt our ability to deliver our homes to programme and budgeted cost.	Group Head of Commercial	Use of reputable supply chain partners with relevant experience and proven track record and maintain regular contact.  Monitoring of subcontract supply chain to maintain appropriate number for each trade to identify potential shortage in skilled trades in the near future.  Subcontractor utilisation on sites monitored to align workload and capacity.  Materials forecast issued to suppliers and reviewed regularly.  Collaborate with Supply Chain Partners in development of supply continuity strategies.  Group Monthly Product Development meetings to identify and monitor changes in the regulatory environment.  Tracking of construction cost movements.	<ul style="list-style-type: none"> <li>Material and trade shortages</li> <li>Material and trade price increases</li> <li>Advance payment applications</li> <li>Reluctance to tender for new business</li> </ul>
 <b>THRIVING COMMUNITIES</b>   <b>VALUING PEOPLE</b>	<b>CUSTOMER SERVICE</b> Failure of our customer service could lead to relative under performance of our business.	Group Customer & Marketing Director	Customer and Quality Director.  My Redrow website to support our customers purchasing their new home. Increased use of digital and virtual communication tools.  Online systems provide a full audit trail of the sales process.  Full training on New Homes Ombudsmen requirements.  Attention to customer feedback supported by a process at nine months post occupation to address root cause of customer fatigue and dissatisfaction.  Bespoke digitisation of complaints management system for improved visibility and efficiency.  Regular review of our marketing and communications policy at both Group and divisional level.	<ul style="list-style-type: none"> <li>Customer satisfaction metrics</li> <li>NHBC Construction Quality Review scores and Reportable Items</li> </ul>

STRATEGIC OBJECTIVE	RISK	RISK OWNERS	KEY CONTROLS AND MITIGATING STRATEGIES	EXAMPLE KEY RISK INDICATORS
 <b>THRIVING COMMUNITIES</b>  <b>BUILDING RESPONSIBLY</b>  <b>VALUING PEOPLE</b>	<p><b>PLANNING AND REGULATORY ENVIRONMENT</b></p> <p>The inability to adapt to changes within the planning and regulatory environment could adversely impact on our ability to comply with regulatory requirements.</p>	<p>Group Communities Director, Group Human Resources Director, Group Company Secretary and Managing Director (Harrow Estates)</p>	<p>Lobby and communicate with local authorities to facilitate early collaboration to shape developments including where a National Model Design Code (NMDC) is required.</p> <p>Close management and monitoring of planning expiry dates and CIL.</p> <p>Well prepared planning submissions addressing local concern and deploying good design.</p> <p>Careful monitoring of the regulatory environment and regular communication of proposed changes across the Group through the Executive Management Team.</p> <p>Proactive approach to managing data protection with multi-functional team meeting regularly.</p> <p>Effective engagement with local authorities to understand the extent of their policies relating to climate change.</p>	<ul style="list-style-type: none"> <li>• Government consultations</li> <li>• Planning approval statistics</li> <li>• Proposed Government legislation</li> </ul>
 <b>THRIVING COMMUNITIES</b>  <b>BUILDING RESPONSIBLY</b>	<p><b>SUSTAINABILITY</b></p> <p>Risks associated with failure to embed sustainable development principles.</p>	<p>Group Communities Director</p>	<p>Preparation and planning underway for Future Homes standard.</p> <p>Preparation for future Environmental Bill through implementation of our Nature for People Strategy.</p> <p>Close monitoring of Government guidance.</p> <p>Regular benchmarking against peers.</p> <p>ESG scorecard.</p> <p>Risks and Opportunities assessment aligned to TCFD framework.</p> <p>Training for divisional teams.</p>	<ul style="list-style-type: none"> <li>• Group GHG emissions Scope 1 &amp; 2</li> <li>• % of timber certified</li> <li>• Average SAP rating</li> <li>• Tonnes of construction waste per 100m<sup>2</sup> build</li> <li>• % of materials suppliers and manufacturers who have actively confirmed compliance with the Modern Slavery legislation and Redrow Code of Conduct</li> </ul>
 <b>THRIVING COMMUNITIES</b>  <b>BUILDING RESPONSIBLY</b>  <b>VALUING PEOPLE</b>	<p><b>HEALTH AND SAFETY/ENVIRONMENT</b></p> <p>Non-compliance with Health &amp; Safety standards and Environmental regulations could put our people and the environment at risk.</p>	<p>Group Health and Safety and Environmental Director</p>	<p>Dedicated in-house team operating across the Group to ensure compliance of appropriate Health and Safety standards supported by external professional expertise.</p> <p>HS&amp;E Assurance Audits.</p> <p>Monthly Divisional HS&amp;E Leadership meetings.</p> <p>Group and Regional HS&amp;E Leadership meetings.</p> <p>Internal and external training provided to all employees.</p> <p>Divisional Construction (Design and Management) Regulation (CDM) inspections carried out to assess our compliance with our client duties under CDM.</p> <p>Health and Safety discussion at both Group and divisional level board meetings supported by performance information.</p> <p>CDM competency accreditation requirement as a minimum for contractor selection process.</p> <p>Regular monitoring and reporting on environmental performance.</p>	<ul style="list-style-type: none"> <li>• Annual Injury Incidence Rate (AIIR)</li> <li>• HS&amp;E Assurance Audits outcomes</li> <li>• 'Near Miss' statistics</li> </ul>

STRATEGIC OBJECTIVE	RISK	RISK OWNERS	KEY CONTROLS AND MITIGATING STRATEGIES	EXAMPLE KEY RISK INDICATORS
 <b>BUILDING RESPONSIBLY</b>	<b>CYBER SECURITY</b> Failure of the Group's IT systems and the security of our internal systems, data and our websites can have significant impact to our business.	Chief Information Officer	Cyber Awareness campaigns. Communication of IT policy and procedures to all employees. Regular systems back up and storage of data offsite. Internal IT security specialists. Use of third party entity to test the Group's cyber security systems and other proactive approach for cyber security including Cyber Essentials Plus accreditation. Compulsory GDPR and IT security online training to all employees within our business. The systems have proved resilient to increased home working. Cyber Insurance.	<ul style="list-style-type: none"> <li>• Level of instances reported in the media</li> <li>• Penetration test results</li> </ul>
 <b>THRIVING COMMUNITIES</b>   <b>BUILDING RESPONSIBLY</b>	<b>LAND PROCUREMENT</b> The ability to purchase land suitable for our products and the timing of future land purchases are fundamental to the Group's future performance.	Group Chief Executive	Proactive monitoring of the market conditions to implement a clear defined strategy at both Group and divisional level. Experienced and knowledgeable personnel in our land, planning and technical teams. Appropriate investment in strategic land programme supported by specialist Group team. Effective use of our Land Bank Management system to support the land acquisition process. Close monitoring of progress of relevant Local Plans. Peer review by Legal Directors and use of third party legal resources for larger site acquisitions to reduce risk. Monitoring of emerging legislation to inform land assessments and purchase terms.	<ul style="list-style-type: none"> <li>• Forward land pull through</li> <li>• Owned land holding years</li> <li>• Land offer statistics</li> </ul>
 <b>BUILDING RESPONSIBLY</b>	<b>FRAUD/UNINSURED LOSS</b> A significant fraud or uninsured loss could damage the financial performance of our business.	Group Finance Director	Systems, policies and procedures in place which are designed to segregate duties and minimise any opportunity for fraud. Regular Business Process Reviews undertaken to ensure compliance with procedure and policies followed by formal action plans. Timely management reporting. Insurance strategy driven by business risks including Cyber Insurance. Fraud awareness training.	<ul style="list-style-type: none"> <li>• Business Process Review outcomes</li> <li>• Insurance Review outcomes</li> </ul>
 <b>BUILDING RESPONSIBLY</b>	<b>AVAILABILITY OF MORTGAGE FINANCE</b> Availability of mortgage finance is a key factor facilitating liquidity in the housing market.	Group Finance Director	Proactively engage with the Government, Lenders and Insurers to support the housing market. Expert New Build Mortgage Specialists provide updates on and monitoring of regulatory change.	<ul style="list-style-type: none"> <li>• Loan to value metrics</li> <li>• Number of mortgage products readily available</li> </ul>

STRATEGIC OBJECTIVE	RISK	RISK OWNERS	KEY CONTROLS AND MITIGATING STRATEGIES	EXAMPLE KEY RISK INDICATORS
 <b>THRIVING COMMUNITIES</b>  <b>BUILDING RESPONSIBLY</b>	<p><b>APPROPRIATENESS OF PRODUCT</b></p> <p>The failure to design and build a desirable product for our customers at the appropriate price may undermine our ability to fulfil our business objectives.</p>	<p>Group Design and Technical Director</p>	<p>Regular review and product updates in response to the demand in the market and assessment of our customer needs.</p> <p>Design focused on high quality build and flexibility to planning changes.</p> <p>Regular site visits and implementation of product changes to respond to demands.</p> <p>Focus on award winning Heritage Collection.</p> <p>Regular design and technical seminars.</p> <p>Monitor Government emerging legislation.</p>	<ul style="list-style-type: none"> <li>• Customer satisfaction metrics</li> <li>• Focus Group feedback</li> <li>• Emerging planning regulation</li> </ul>
 <b>VALUING PEOPLE</b>	<p><b>ATTRACTING AND RETAINING STAFF</b></p> <p>The loss of key staff and/or our failure to attract high quality employees will inhibit our ability to achieve our business objectives.</p>	<p>Group Human Resources Director</p>	<p>In-house training offering blended learning to all employees.</p> <p>Suite of development programmes for identified talent from first line manager to Director.</p> <p>Move to agile working practices embracing use of remote working.</p> <p>Graduate training, Undergraduate placements and Apprentice training programmes to aid succession planning.</p> <p>Bespoke housebuilding degree course in conjunction with Liverpool John Moores University and Coleg Cambria.</p> <p>Remuneration strategy in order to attract and retain talent within the business is reviewed regularly and benchmarked.</p> <p>Engagement Team and continued refinement of internal communications platform in addition to annual employee survey to create framework for strong, two-way communication.</p> <p>Flexible Working Policy.</p>	<ul style="list-style-type: none"> <li>• Employee turnover levels</li> <li>• Employee engagement score</li> </ul>
 <b>BUILDING RESPONSIBLY</b>	<p><b>LIQUIDITY AND FUNDING</b></p> <p>The Group requires appropriate facilities for its short-term liquidity and long-term funding.</p>	<p>Group Finance Director</p>	<p>Medium term committed banking facilities sufficient for a major market breakdown.</p> <p>Regular communication with our investors and relationship banks, including visits to developments as appropriate.</p> <p>Regular review of our banking covenants appropriateness and design and capital structure.</p> <p>Ensuring our future cash flow is sustainable through detailed budgeting process and reviews and scenario modelling.</p> <p>Strong forecasting and budgeting process.</p> <p>Monitor requirements for future bonds in emerging planning agreements.</p>	<ul style="list-style-type: none"> <li>• Cash conversion</li> <li>• Forecast undrawn committed facilities</li> </ul>
 <b>THRIVING COMMUNITIES</b>  <b>BUILDING RESPONSIBLY</b>  <b>VALUING PEOPLE</b>	<p><b>CLIMATE CHANGE</b></p> <p>Risks associated with the potential physical effects of climate change and the regulatory and mandatory reporting environment around climate change.</p>	<p>Group Communities Director</p>	<p>Risks and opportunities assessment aligned with TCFD framework.</p> <p>Ensure appropriate consideration is given to product design to mitigate impacts.</p> <p>Identify new products, processes and services aimed at improved energy performance and reducing Green House Gas emissions.</p> <p>Undertake climate-related scenario analysis.</p> <p>Commitment made to the Business Ambition for 1.5°C and to reach Science-based net zero carbon emissions no later than 2050. Near-term Scope 1, 2 and 3 targets have been approved by the Science Based Target Initiative.</p>	<ul style="list-style-type: none"> <li>• Group GHG emissions</li> <li>• Scope 1 &amp; 2</li> <li>• Average SAP rating</li> </ul>

**Redrow plc**

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