22 March 2023 Vistry Group

Full year results for the year ended 31 December 2022

Vistry Group PLC (the "Group") announces full year results for the year ended 31 December 2022.

Greg Fitzgerald, Chief Executive commented:

"2022 was another landmark year for the Group as we delivered a step up in financial performance and made excellent progress across all areas despite the more challenging market conditions experienced in the fourth quarter. The combination with Countryside presents a unique opportunity and has created one of the country's leading homebuilders, comprising a leading partnerships business and a high quality major housebuilder. It has accelerated the Group's strategy of rapidly growing its more resilient partnerships revenues and of targeting sector leading return on capital employed.

"The businesses have come together extremely well with a good cultural fit, and the integration process is making excellent progress. As a result, we are confident of delivering annualised synergy benefits of c. £60m, ahead of our original target.

"We are focused on maximising the opportunities from our unique market position and increasing the supply of high quality housing across all tenures. The resilience of our Partnerships business is reflected in its strong forward order book which gives us the confidence that the business will deliver growth in FY 23 revenues in line with its strategy. Housebuilding is focused on operational excellence to maximise its sales opportunity and has the expertise, embedded controls and disciplines in place to succeed. Market conditions are improving and based on the assumption that private sales rates continue to trend towards levels seen in 2019, we expect Group adjusted profit before tax for FY23 to be in excess of £440m[1].

"Our people are key to the Group's success, and I would like to thank all of our employees, subcontractors and supply chain for their continued hard work and dedication."

Group financial highlights

£m unless otherwise stated	FY22	FY21	Change
Adjusted basis[2]			
Total completions	11,951	11,080	7.9%
Revenue	3,073.2	2,693.6	14.1%
Operating profit	451.1	368.4	22.4%
Operating profit margin	14.7%	13.7%	1.0ppts
Profit before tax	418.4	346.0	20.9%
Basic earnings per share	137.5p	125.5p	9.6%
Return on capital employed	28.3%	25.5%	2.8ppts
Statutory basis			
Revenue	2,729.4	2,407.2	13.4%
Operating profit	212.5	285.4	(25.5)%
Profit before tax	247.5	319.5	(22.5)%
Basic earnings per share	86.5p	114.6p	(24.5)%
Final dividend per share	32p	40p	(20.0)%
Net cash	118.2	234.5	(49.6)%

[1] Vistry Group consensus estimate (based on 15 analysts forecasts): FY adjusted profit before tax - £403m

[2] Completions include 100% of JVs. All other financials are shown on an adjusted basis to include the proportional contribution of the joint ventures.

Highlights

- Completion of transformational acquisition of Countryside Partnerships ("Countryside") on 11 November 2022
- Integration making excellent progress with annualised synergies from the combination now expected to be c.£60m (ahead of the £50m previously announced), with c.£25m expected in FY23
- Continued delivery of high quality build and customer service, with a step up in construction quality awards and sustained HBF 5-star customer satisfaction rating across the entire Group
- Vistry Partnerships continues to deliver rapid growth in higher margin mixed tenure completions, up 17.6%, with adjusted operating margin increasing to 10.7% (2021: 9.2%)
- Vistry Housebuilding delivered controlled volume growth of 3.4% and excellent progress on adjusted gross margin, increasing to 23.4% (2021: 22.3%) despite challenging market conditions in Q4 2022
- Countryside performed in-line with our expectations with a minimal contribution to 2022 in the 7 weeks it was part of the Group
- The Group delivered a 20.9% increase in Group adjusted profit before tax to £418.4m (2021: £346.0m)
- Reported profit before tax for FY22 of £247.5m (2021: £319.5m) after exceptional expenses of £153.9m (2021: £12.2m), including £97.0m fire safety provision and £56.9m transaction and integration related costs
- High quality land bank totalling 81,342 (2021: 42,770) owned and controlled plots (inc. JVs) as at 31 December 2022 and 65,813 (2021: 40,000) strategic land plots
- Year end net cash of £118.2m (2021: £234.5m), ahead of expectations and follows a net cash outflow of £95.2m for the acquisition of Countryside, £35.2m share buy-back and £138.9m of dividend distribution
- Group ROCE increased to 28.3% (2021: 25.5%), with Partnerships ROCE of 77.6% (2021: >100%) and Housebuilding ROCE increasing to 28.2% (2021: 21.3%)

Current trading and outlook

Our Partnerships business is seeing a good level of demand from Housing Associations and Local Authorities, with the PRS market also improving. In the year to date, Partnerships has secured a number of new development opportunities which at least meet our targets of 40%+ ROCE and 50% pre-sold revenues and has a good pipeline. The resilience of our Partnerships business is reflected in its strong forward order book totalling £2,840m (25 Feb 2022: £1,338m), with 68% of mixed tenure FY23 units and all of partner delivery revenues secured, providing us with the confidence it will deliver revenue growth in FY23, on pro forma FY22.

For the Group overall, we have seen an improving trend on private sales in the first 11 weeks of the year, with the Group's average private sales rate per site per week for the year to date at 0.54, increasing to 0.62 in the last four weeks. We have seen increased consumer confidence from Q4 2022, particularly as mortgage rates have trended downwards and availability has improved.

Housebuilding is focused on delivering operational excellence in this more competitive marketplace, with top quality customer service and the highest build standard critical to success. The business has a very experienced management team, and with its focus on and investment in high quality site teams, is well positioned. Housebuilding's forward order book totals £1,339m (25 Feb 2022: £1,324m) with 55% of FY23 units secured.

Net pricing has held relatively firm in the first 11 weeks supported by an increase in the use of incentives. The Group sees opportunity for cost reduction in the year, with some success achieved in the year to date. The expected year on year reduction in private sales rates is reflected in our current build rates, with a key focus on working capital management.

The integration of Countryside Partnerships is making excellent progress and we are now expecting to deliver c.£25m of synergies from the combination in FY23. We expect total synergies to be c.£60m, up from our previous target of £50m, with the full annual run rate achieved by the end of FY24.

Based on these assumptions, we expect the Group to deliver adjusted profit before tax for FY23 in excess of £440m[1]. As part of a disciplined approach to capital allocation, we will continue to ensure the Group has a healthy and resilient balance sheet and will continue to invest selectively in high quality land and development opportunities as they arise.

Forward sales

(£m)	**20 March 2023**	**25 Feb 2022**
Housebuilding		
- Private	630	692
- Private – Vistry share of JVs	107	148
- Affordable	524	421
- Affordable – Vistry share of JVs	78	63
Total Housebuilding	**1,339**	**1,324**
Partnerships		
- Mixed tenure	1,489	335
- Mixed tenure – Vistry share of JVs	381	143
Total mixed tenure	1,870	478
Total partner delivery	970	860
Total Partnerships	**2,840**	**1,338**
Total Group	**4,179**	**2,662**

Note: 25 February 2022 forward sales restated to include Vistry share of JVs (previously included 100% of JV forward sales)

Dividend timetable	
Ex-dividend date	20 April 2023
Dividend record date	21 April 2023
Dividend payment date	1 June 2023

There will be an investor and analyst presentation at 8:30am today, 22 March 2023 at Numis, 45 Gresham St, London EC2V 7BF. There will also be a live webcast of this event available on our corporate website at www.vistrygroup.co.uk or via the following link https://brrmedia.news/Vistry_Group_FY22. A playback facility will be available shortly afterwards.

Certain statements in this press release are, or may be deemed to be, forward looking statements. Forward looking statements involve evaluating a number of risks, uncertainties or assumptions, many of which are beyond the Group's control, that could cause actual results to differ materially from those expressed or implied by those statements. Forward looking statements regarding past trends, results or activities should not be taken as representation that such trends, results or activities will continue in the future. Undue reliance should not be placed on forward looking statements. Forward looking statements speak only as at the date of this document and the Group and its directors and officers expressly disclaim any obligation or undertaking to release any update of, or revisions to, any forward looking statement herein.

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CEO Review

2022 review

2022 was another landmark year for the Group. The combination with Countryside presented a unique and exciting opportunity for Vistry and has created one of the country's leading homebuilders, comprising a leading partnerships business and a high quality major housebuilder. It has accelerated the Group's strategy of rapidly growing its more resilient partnerships revenues and of targeting a sector leading return on capital employed. The transaction completed on 11 November 2022 and the businesses have come together extremely well. There is a good cultural fit, and the integration process is making excellent progress. As a result, we are confident of delivering synergy benefits of £60m, ahead of the £50m previously announced target, and with the full annual run rate achieved by the end of FY24.

The Group made excellent progress in 2022 despite the more challenging market conditions experienced in the fourth quarter. It continues to deliver high quality homes and outstanding customer service and we were pleased to have been awarded a 5-star HBF Customer Satisfaction rating for the fourth consecutive year and to have seen a significant improvement in our 9-month HBF customer satisfaction score. Our people are key to the Group's success, and I would like to thank all of our employees, subcontractors and supply chain for their continued hard work and dedication.

2022 saw a further significant step up in financial performance, with Group adjusted revenue in 2022 up 14.1% to £3,073.2m (2021: £2,693.6m), adjusted profit before tax increasing by 20.9% to £418.4m (2021: £346.0m) and adjusted basic earnings per share of 137.5p (2021: 125.5p), up 9.6% on prior year. On a reported basis, the Group delivered revenue of £2,729.4m (2021: £2,407.2m[3]), profit before tax of £247.5m (2021: £319.5m) and earnings per share of 86.5p (2021: 114.6p). This was after exceptional expenses of £153.9m (2021: £12.2m) including £97.0m fire safety provision and £56.9m transaction and integration related costs.

Vistry Partnerships, the Group's partnerships business prior to the combination with Countryside, had another excellent year of delivering against its strategy of rapidly growing its more resilient revenues, improving margin and delivering at least a 40% return on capital employed. Mixed tenure completions were up 17.6% to 2,455 units (2021: 2,088), adjusted operating margin increased to 10.7% (2021: 9.2%), and Partnerships' return on capital employed in the period was 77.6% (2021: >100%). Housebuilding effectively executed its strategy of delivering controlled volume growth and margin progression from its existing business structure, with completions increasing by 3.4% to 6,774 units (2021: 6,551) and adjusted gross margin increasing to 23.4% (2021: 22.3%).

The contribution of Countryside to the Group's result for FY 2022 was minimal given the timing of the acquisition, with its performance in line with expectations.

[3] Revenue and cost of sales for 2021 have been restated in relation to trading with our joint ventures.

This strong financial performance combined with a stronger than expected net cash contribution from Countryside and the Group's on-going focus on good working capital management, resulted in a year end net cash position of £118.2m (31 December 2021: £234.5m). This was after a net cash outflow of £95.2m for the acquisition of Countryside, £35.2m share buy-back and £138.9m of dividend distribution. As part of its disciplined approach to capital allocation, the Board is committed to retaining a healthy and resilient balance sheet.

The Board is recommending a final ordinary dividend of 32 (2021: 40) pence per share, bringing the total ordinary dividend for 2022 to 55 (2021: 60) pence per share. This represents a total full year dividend payment of £162.3m (2021: £133.1m), which is covered two times by Group adjusted net earnings[4]. As previously announced, the Board is reviewing the enlarged Group's allocation policy to confirm whether it remains appropriate in the context of the enlarged Group, and in doing so will be consulting with shareholders.

Operational update

Trading performance

The Group delivered a strong operational performance in 2022 with good progress made across all business areas.

We saw a very strong start to the year with high levels of demand resulting in increased sales rates and higher house prices. This trend continued throughout the first half and the Group reported an average weekly private sales rate per outlet in H1 22 of 0.84 (H1 21: 0.76), up 11% on the prior year.

The second half started strong, with our sales performance across both businesses remaining robust during the typically quieter summer months. There was a step-change in market conditions in the fourth quarter with the mini-budget delivered on 23 September 2022 heightening macro uncertainty and leading to a significant increase in mortgage costs. Demand for private sales reduced markedly with the Group achieving a weekly private sales rate per outlet[5] of 0.46 in Q4 2022. For the year as a whole, the Group achieved a weekly private sales rate of 0.71 (FY21: 0.76). Despite the drop in demand, our pricing remained firm in the final quarter of 2022.

In the partnerships market, the wider macro uncertainty and concern around the Government's social housing rent ceiling generated hesitancy amongst housing providers during the fourth quarter. The Government confirmed its position on the rent ceiling in the 17 November 2022 Autumn Statement, with the 7% ceiling at the better end of expectations. We saw demand in our partnerships business pick up accordingly towards the end of 2022.

Our sites have operated well during the year, and we were delighted to have achieved our highest number of NHBC Pride in the Job Quality Awards in 2022, totalling 34 for the enlarged Group. Our NHBC reportable items remain below industry benchmark at 0.23 (FY22: 0.22) for the Group. In a year that has been characterised by heightened labour and material supply constraints as well as price increases, the Group has been highly focused on working in close partnership with our supply chain and subcontractors to best manage this. With increased output from the supply chain in the first half, we saw an improvement in the availability of materials. Wider industry cost pressures however

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[4] Adjusted net earnings is calculated as adjusted profit before tax, net of tax calculated at the adjusted effective tax rate. The adjusted effective tax rate is defined as the reported tax rate, as adjusted for exceptional items, amortisation of acquired intangibles and significant prior period adjustments.

[5] Excludes any contribution from Countryside.

continued, specifically rising energy costs and wage inflation, resulting in an increase in our overall cost base of c. 9 to 10% in the year.

In Partnerships, where we have a higher element of fixed revenue, we manage our risk in the pre-procurement phases through passing elements of cost risk to our subcontractors, include a sensible level of cost contingency or fixed price allowances to cover some level of inflation, and for the long duration contracts, seek to link the pre-sold revenue to a build cost inflation index.

Partnerships[2, 5]
Vistry Partnerships made excellent progress in the year with its strategy of rapidly growing higher margin mixed tenure revenues, with mixed tenure completions up by 17.6% to 2,455 (2021: 2,088) which includes 738 (2021: 904) delivered in joint ventures (JVs). The average selling price of mixed tenure units in the year on an adjusted basis was £256k (2021: £237k). Partnerships operated from an average of 28 (2021: 33) active mixed tenure sites in 2022 which was lower than forecast reflecting stronger sales rates on existing sites and some planning delays.

Vistry Partnerships continued to drive its operating margin through increasing the proportion of higher margin mixed tenure revenues, and in 2022 adjusted operating margin increased to 10.7% (2021: 9.2%).

Housebuilding[2, 5]
Housebuilding had an excellent year delivering 6,774 units (2021: 6,551) in 2022, which includes 1,343 (2021: 1,287) in JVs. Private units in the year totalled 5,184 (2021: 4,891) with 1,590 (2021: 1,660) affordable units, representing 23.5% (2021: 25.3%) of total completions.

Total Housebuilding average selling price for 2022 increased by 6.2% to £324k (2021: £305k) on an adjusted basis, reflecting changes in mix and house price inflation across the year. Housebuilding's private average selling price increased to £376k (2021: £356k) and affordable average selling price increased to £163k (2021: £158k). Adjusted revenue from Housebuilding activities in the year totalled £1,982.4m (2021: £1,829.3m). Housebuilding operated from an average of 142 (2021: 143) active sites in 2022 and we expect this to increase to an average of c.150 in FY23 reflecting the transfer of sites to Housebuilding from Countryside.

Housebuilding adjusted gross margin saw a further step-up, increasing to 23.4% (2021: 22.3%) with the business making good progress towards delivering its adjusted gross margin target of 25%.

Countryside
In the period post-acquisition Countryside delivered 649 units, which includes 70 from JVs. The Countryside adjusted operating profit for the period post-acquisition was £0.5m. The contribution of Countryside to the Group's FY 2022 result was minimal, which is in line with expectations given that Q4 is typically a quieter period for Countryside.

Integration of Countryside
The combination with Countryside Partnerships completed on 11 November 2022. The integration, which has moved at pace, has been collaborative and focused on building on the best from each business. The Group expects to deliver c.£60m of pre-tax recurring cost synergies on an annual run-rate basis by the end of FY24, up from our previous target of £50m. Of this, c.£25m are expected to be delivered in FY23, ahead of our original £19m target.

The integration is being managed by the Integration Oversight Board, a subset of the Executive Leadership Team, and is supported by a central management office and a number of integration workstreams with appropriate expertise from Vistry and Countryside.

The transition to date has been very positive reflecting the active engagement and common culture of our people, detailed planning through the various phases of integration, and our continued focus to deliver a timely integration with minimal operational disruption.

Key achievements to date include the restructuring of Partnerships, with the new organisation structure in place from 1 January 2023 all operating under the Countryside Partnerships name and the combination of all central functions under the banner of Vistry Services. We are making good progress on aligning our corporate governance and the full alignment of our business policies, processes, and procedures including the Group's SHE Management System is expected to be completed by April. We have implemented a number of key IT changes and are well on our way to unification of our systems, which is expected to complete in the Autumn of 2023.

Vistry Works

The timber manufacturing operations acquired with Countryside have been fully rebranded and relaunched as Vistry Works. The Group sees Vistry Works as a valuable opportunity to create an industry leading manufacturing capability with the potential to deliver significant benefit to the broader Group in the medium term.

The business currently operates from its two factories at Warrington and Leicester which together have the capacity to deliver c.2,800 units in FY23. The Group is committed to re-opening the Vistry Works East Midlands factory and this is targeted for the second half of 2023. Good progress is being made with recruitment, electric capacity enhancement and machine remobilisation, and a review of additional manufacturing options to utilise surplus floor space is being undertaken. In the medium term, the business is targeting the manufacture of c.5,000 units.

Establishing good working relationships between the business units and Vistry Works is a priority, and a framework has been put in place to improve coordination between factories and the relevant business unit to help ensure capacity levels are as fully utilised as possible going forwards.

House type standardisation is fundamental to the efficiency of the manufacturing operations, and we are working hard to ensure all three of our brands' house types incorporate timber frame construction with a heavy focus on delivering Future Homes Standard. The current closed panel solution is being scaled back with an open panel without plasterboard (hybrid) solution being the preferred option to allow a more cost effective product offering to the Group nearer term. We have a strong emphasis on R&D and will evolve the product over time as the business gains momentum.

Fire safety

The Group is committed to playing its part in delivering a lasting industry solution to fire safety and its strong view remains that the costs of remediation should not be borne by leaseholders. Both Vistry and Countryside signed the Building Safety Pledge Letter in April 2022 and on 13 March 2023, Vistry signed the Department for Levelling Up, Housing and Communities' Developer Remediation Contract.

We are making progress with the remediation works and of the 304 buildings identified, work has been completed on 59, we are on site on 30, are engaged in the remediation process on 188, with 27 buildings to yet commence. The dedicated teams in both Vistry and Countryside have been integrated under single management following completion of the Countryside transaction and the cladding and remedial fire safety provisions have been consolidated and aligned under a consistent method of estimation.

As at 31 December 2022, the Group fire safety provision was £309.2m. This includes a provision of £191.8m acquired through the combination with Countryside, a charge of £97.0m in the year covering additional requirements under the Pledge and the Developer Remediation Contract and the adoption of a consistent approach across the enlarged Group, and net spend of £4.8m on remediation work in the year.

In addition, from 1 April 2022, the Group has been paying the 4% Residential Property Developer Tax (RPDT) as part of the contribution from the UK's largest residential property developers towards the Government's cost of dealing with fire safety and cladding remediation work. RPDT is intended to raise at least £2bn from the industry over a ten-year period.

Balance sheet

The Group had a net cash position of £118.2m as at 31 December 2022 (31 December 2021: net cash of £234.5m) following a net cash outflow of £95.2m for the acquisition of Countryside, £35.2m share buy-back and £138.9m of dividend distribution. This is ahead of our expectations for the Group post acquisition and reflects stronger cash generation in the second half at both Vistry and Countryside.

Inventories have increased by £876.0m year on year, primarily driven by the Combination which added £792.3m of WIP and continued investment in land and WIP during the period.

Similarly, land creditors have increased to £667.4m at 31 December 2022 from £414.2m at the beginning of the year. This is driven primarily by the acquisition of £246.0m in land creditors on the Combination with Countryside and the investment in land in the period.

We will continue to ensure the Group has a healthy and resilient balance sheet and retain the opportunity to selectively invest in land and development opportunities as they arise.

Sustainability

Our purpose is to deliver sustainable new homes and communities across all sectors of the UK housing market and our strategy is split into three priority areas: our people, our homes and communities, and our operations.

We made significant progress with our sustainability strategy in 2022 which is covered in detail in our Sustainability Report. Key highlights include the linking of three key sustainability metrics to executive remuneration and our sustainability linked loan, the SBTi (science based targets initiative) verification of our carbon reduction targets, and the publication of our Carbon Action Plan focused our direct emissions, which complements our existing roadmap to net zero carbon homes.

Following the success of our Europa Way development, which delivered 54 zero-embodied carbon homes for Warwickshire District Council, we commenced another joint venture with the Council to deliver 310 zero-carbon homes at our Kenilworth site. This unique partnership, which broke ground in March 2022 and was the first of its kind to get underway in the UK, will deliver zero carbon affordable homes at scale with improved building fabric efficiencies and air source heat pumps.

For the year ahead, and following our combination with Countryside, we are undertaking a review of our sustainability strategy to ensure that it continues to be relevant to the business and stakeholders of our enlarged Group and we will incorporate a number of Countryside's best practice sustainability processes into our existing procedures. In 2023, we will conduct a full review of our materiality assessment, update our sustainability strategy as required and set new targets.

Quality and customer service

Delivering high quality new homes and excellent customer satisfaction remain our key priorities and we consider our customers in all of our decision making.

We were pleased to have been awarded the maximum 5-star HBF customer satisfaction rating in the most recent annual review for the fourth consecutive year, with our score for Q3 2022 at 92.6% (Q3 2021: 92.2%), in the most recently published HBF 12-month rolling customer satisfaction data. We have focused on improving our score for the HBF customer satisfaction survey which is sent out nine months after completion and are pleased to have seen our score on this ended at over 79% for the closed year 2020/2021.

The Group welcomes the introduction of the New Homes Ombudsman and fully supports the New Homes Quality Code. It has completed registration and is working on activation following the need for alignment following the acquisition of Countryside.

During the year we expanded our customer relationship management (CRM) capabilities across our Partnerships business, enriching the customer experience and supporting our teams to work more effectively across the customer journey. Rolling out our CRM capabilities across the Countryside business is a key part of our integration programme.

We continue developing our digital capabilities and our immersive portal has played a key role in strengthening our customer experience, giving them more choice about how, when and where they do business with us. Over 77% of our customers are now choosing to use our portal to make their reservation within six clicks. Customers are also increasingly using the virtual personal experience, which includes the opportunity to virtually visit our developments, look around the homes and personalise them, including changing worktops, cupboards, and flooring.

People

Our people make Vistry and are critical to the on-going success of the Group. As was expected with the integration of Countryside, we saw a decline in our latest Peakon employee engagement survey carried out during March 2023, with the score at 7.8 (August 2022: 8.6), in-line with the Peakon benchmark. We are very focused on maintaining an open and informative dialogue with all our employees during this integration period and the Executive Leadership team and other senior management have hosted drop-in Q&A sessions and delivered ad hoc video updates to keep people informed. We were pleased to have recently achieved certification as a ‘Top Employer’ with the Top Employers Institute which recognises our people strategy and workplace environment.

The safety of our people, and those who work with us, is also a top priority. Health and safety is one of the first topics to be covered in executive meetings, with clear linkage to our values and ethos. Our year on year reduction in both accident incident rate and service strike incident rate demonstrates our commitment to continual improvement driven by a positive safety behaviour culture.

Recognising the cost of living crisis and the heightened levels of inflation over the past 12 months, we were pleased to award a minimum 4% pay rise for all employees at the start of 2023. In addition, in April 2022 we put in place a temporary cost of living allowance of up to 3.75%, ensuring that the lowest paid employees received the most support. These allowances became a permanent part of all annual salaries under £60,000 from January 2023.

Land

The Group has a high quality, deliverable land bank reflecting a successful year in the land market.

Vistry Partnerships continued to invest in its owned land bank to support the growth of mixed tenure completions and in the year secured 3,213 (2021: 4,131) plots on 19 (2021: 23) sites for mixed tenure development, significantly ahead of replacement level. Following our combination with Countryside, the enlarged Partnerships business had an owned and controlled land bank of 44,258 (2021: 11,756) plots as at 31 December 2022.

Partnerships is well positioned on land and has 93% of the land required for forecast FY23 completions secured and 80% of the land for FY24 completions secured. There is a good pipeline of attractive development opportunities, in particular working alongside Housing Associations and Local Authorities.

Housebuilding secured 5,334 (2021: 7,667) plots across 32 (2021: 38) developments at an average gross margin and ROCE hurdle rate of at least 25%. The rate of land acquisition in Housebuilding consciously slowed in the fourth quarter reflecting the increased level of uncertainty in the housing market. Following our combination with Countryside, 32 sites totalling 5,039 plots have been transferred from Countryside Partnerships to Vistry Housebuilding from 1 January 2023. As at 31 December 2022, Housebuilding had a total controlled land bank of 37,084 (2021: 31,014) plots. The business has a strong deliverable pipeline of land with all of the land required for forecast 2023 completions secured and 95% of the land for FY24 completions secured. Housebuilding continues to progress high quality land opportunities on a selective basis and with deferred payment terms.

Strategic land is a key component of the Group's land supply, and we are targeting a greater proportion of total completions to be delivered from higher margin strategic land in the medium term. Our strategic land team delivers consented land to both our Housebuilding and Partnerships businesses, with the two businesses co-developing sites, particularly larger strategic sites, to maximise returns. On average, our strategic land delivers an incremental 150 to 300 basis points to the development gross margin. The Group added 4,503 (2021: 7,721) strategic land plots across 9 (2021: 12) developments to its strategic land bank in the year and a further 22,204 strategic land plots across 48 developments following our combination with Countryside. In total, the Group had 65,813 (2021: 40,000) strategic land plots as at 31 December 2022.

Group strategy

One Vistry

The Group exists to develop sustainable new homes and communities across all sectors of the UK housing market. The Group holds a unique market position. As a top housebuilder with a leading partnerships business, Vistry is well positioned to deliver strong growth, earnings resilience and sector leading return on capital employed in the medium term.

Our combination with Countryside has materially accelerated our One Vistry strategy of rapidly growing the more resilient Partnerships revenues, and we expect Partnerships revenue to represent at least 50% of total Group revenues in the near term.

The Group has a strong market position and capability across all housing tenures. It has three leading retail brands, Bovis Homes, Linden Homes and Countryside Homes, each of which has its own differentiated housing range and combined, gives the Group a broader market reach. With a high quality, deliverable consented land bank and an excellent strategic land capability, as One Vistry we are especially focused on maximising absorption rates and returns from larger multi-tenure developments where Partnerships and Housebuilding develop alongside each other.

We are focused on realising the procurement cost benefits from the Group's enlarged scale and on leveraging expertise and best practice across all business units. In particular, our Partnerships business is leading the way on Future Homes Standards on a number of developments where it is working in partnership with Local Authorities or Housing Associations. The experience and knowledge gained is incredibly valuable across the entire Group.

In addition, we are integrating Countryside's timber frame manufacturing operations across both Partnerships and Housebuilding and effectively utilising modern methods of construction with the objective of achieving procurement savings and de-risking the supply chain.

Our strategy is to deliver greater profitability and higher returns as One Vistry than would be achievable from the standalone businesses. However, if the market does not recognise the full value of the enlarged Group by 2025, it is expected that each of Housebuilding and Partnerships would be large enough to succeed as independent businesses, giving the option to separate them at that time if the Board considered this to be in the best interest of shareholders.

Partnerships
Countryside Partnerships holds a leading position within the high growth, high demand affordable housing market, with its unrivalled track record, established relationships and operational capability, being its key competitive advantages. Successfully integrating Countryside Partnerships and Vistry Partnerships and maximising the benefits of the combination and being part of the larger Group is our key focus for 2023, and we are making excellent progress.

The enlarged Partnerships business has good geographical coverage through its 19 business units and three operating divisions, each with a highly experienced management team. The business is targeting strong revenue growth of c.10% per annum over the medium term, which is supported by the acute need for affordable housing across the country, the programme of Government funding for affordable housing including through Homes England, and the strong demand for affordable housing and private rental stock from Housing Associations, Local Authorities and other housing providers including institutional investors.

Central to the Partnerships strategy is a target ROCE of above 40%. Vistry Partnerships has a strong track record of delivering ROCE significantly in excess of 40%. Historically Countryside has not prioritised ROCE resulting in a level below our 40% target. The business is focused on increasing the proportion of pre-sold revenues on a number of sites, particularly the more capital intensive, high-rise developments in London, in order to drive ROCE towards our target. All new development opportunities for Partnerships have a minimum 40% ROCE hurdle and minimum 50% pre-sold revenue hurdle.

Partnerships is targeting an adjusted operating margin of 12%+ (FY22: 10.7%) in the medium term, primarily through driving operational efficiency, the benefits of scale, and procurement savings.

Housebuilding
Near term, our high quality housebuilding business is focused on maximising its performance against a more constrained market backdrop. Key is operational excellence, with delivering the highest quality

build and customer service experience critical to success in a more competitive sales environment. Our housebuilding business has the management, site teams and embedded controls and disciplines in place for this. On costs, our business units are working closely with our preferred suppliers, and in particular our subcontractors to deliver cost efficiencies whilst maintaining a quality supply. Working capital is tightly managed on a site by site basis and Housebuilding is selectively acquiring land and is seeing increased success in securing land with deferred payment terms.

Countryside's non-core legacy assets have been transferred to Vistry Housebuilding, with all the sites expected to trade out during FY23/FY24 other than two longer dated sites. In addition, as highlighted at the time of acquisition, we have identified a number of other schemes that we believe have the attributes of housebuilding developments and these have been transferred in to the Housebuilding business from 1 January 2023. Housebuilding is also to retain a number of yet to be developed land opportunities which were to be sold by Countryside, de-risking the Housebuilding land pipeline and reducing its land acquisition requirements.

Housebuilding's medium term focus remains to deliver controlled volume growth and further margin progression from its existing operating structure. It is targeting 25% adjusted gross margin and 25% return on capital employed in the medium term.

The business has national coverage through its 13 operating regions with each targeting annual output of between 550 to 625 units including JVs, giving an overall capacity for Housebuilding of more than 8,000 units (2022: 6,774 units).

Key to driving gross margin and return on capital employed are:

Land buying: leveraging the 'One Vistry' proposition and relationships including joint bids with Vistry Partnerships on larger developments.

Strategic land: maximising our strong in-house capability, targeting 30% of completions from strategic land.

Operating structure: increasing volumes through the business' existing infrastructure, with a highly experienced leadership team in place.

Future Homes Standard: continual review of build product and processes, realisation of a 'Green Premium'.

Multiple branding: increasing proportion of multiple branded developments on Housebuilding sites.

Extras: our improving offering and customer proposition is delivery strong growth in profitable 'Extras' revenues.

Board of Directors

There have been a number of changes to the Board during the year. Ian Tyler stepped down as Chair of the Company at the Group's Annual General Meeting on 18 May 2022. We thank Ian for his invaluable contribution to the Group since 2013. Ralph Findlay OBE, who has served as Non-Executive Director of the Company since April 2015, succeeded him as Chair. Ralph's appointment as Chair followed a thorough and comprehensive succession planning process and has enabled an effective transition of the leadership of the Board. Upon becoming Chair, Ralph stepped down as Chair of the Audit Committee and as a member of the Audit and Remuneration Committees. At the same time, Ashley Steel who joined the Board in June 2021, was appointed as Senior Independent Director.

The Board was delighted to appoint Rowan Baker as a Non-Executive Director of the Company and as Chair of the Audit Committee in May 2022. Rowan is a highly experienced CFO in construction and development.

On completion of our combination with Countryside on 11 November 2022, as previously announced, Graham Prothero stepped down as Chief Operating Officer and Director of the Company. Graham has been a very valued colleague, we thank him for his commitment and contribution to the Group and wish him all the best with his new position as CEO at MJ Gleeson PLC. Earl Sibley, who was the Group's Chief Financial Officer assumed the position of Chief Operating Officer and remains a Board Director. Tim Lawlor joined the Group as Chief Financial Officer and joined the Board of Directors. Tim was formerly the CFO at Countryside Partnerships PLC.

Today we announced three further Board changes. Jeff Ubben has been appointed as a Non- Executive Director with effect from 23 March 2023. Jeff is Managing Partner and Founder of Inclusive Capital Partners L.P. , one of the Company's largest shareholders. Jeff is a highly experienced Board member and investor in both the United States and the UK and his deep expertise and insights, particularly in ESG and sustainability, will be of enormous value as our we continue our integration with Countryside. Nigel Keen and Katherine Innes Ker are stepping down from the Board with effect from 23 March 2023 and the close of our Annual General Meeting on 18 May 2023 respectively. Searches for two new Non-Executive Directors have been commissioned.

Capital allocation and dividends

The Board is committed to retaining a healthy and resilient balance sheet. The Group's priority remains to invest in high returning land market opportunities in line with our land investment strategy and growth targets for both Housebuilding and the less capital-intensive Partnerships business. During the more recent period of heightened market uncertainty, the Group has maintained a selective approach to acquiring land, particularly for the Housebuilding business.

The Board is recommending a final ordinary dividend of 32 (2021: 40) pence per share, bringing the total ordinary dividend for 2022 to 55 (2021: 60) pence per share. This represents a total full year dividend payment of £162.3m (2021: £133.1m), which is covered two times by Group adjusted net earnings.

As previously announced, the Board is reviewing the enlarged Group's allocation policy to ensure it remains appropriate in the context of the enlarged Group, and in doing so will be consulting with shareholders.

Current trading and outlook

Our Partnerships business is seeing a good level of demand from Housing Associations and Local Authorities, with the PRS market also improving. In the year to date, Partnerships has secured a number of new development opportunities which at least meet our targets of 40%+ ROCE and 50% pre-sold revenues and has a good pipeline. The resilience of our Partnerships business is reflected in its strong forward order book totalling £2,840m (25 Feb 2022: £1,338m), with 68% of mixed tenure FY23 units and all of partner delivery revenues secured, providing us with the confidence it will deliver revenue growth in FY23, on pro forma FY22.

For the Group overall, we have seen an improving trend on private sales in the first 11 weeks of the year, with the Group's average private sales rate per site per week for the year to date at 0.54, increasing to 0.62 in the last four weeks. We have seen increased consumer confidence from Q4 2022, particularly as mortgage rates have trended downwards and availability has improved.

Housebuilding is focused on delivering operational excellence in this more competitive marketplace, with top quality customer service and the highest build standard critical to success. The business has a very experienced management team, and with its focus on and investment in high quality site teams, is well positioned. Housebuilding's forward order book totals £1,339m (25 Feb 2022: £1,324m) with 55% of FY23 units secured.

Net pricing has held relatively firm in the first 11 weeks supported by an increase in the use of incentives. The Group sees opportunity for cost reduction in the year, with some success achieved in the year to date. The expected year on year reduction in private sales rates is reflected in our current build rates, with a key focus on working capital management.

The integration of Countryside Partnerships is making excellent progress and we are now expecting to deliver c.£25m of synergies from the combination in FY23. We expect total synergies to be c.£60m, up from our previous target of £50m, with the full annual run rate achieved by the end of FY24.

Based on these assumptions, we expect the Group to deliver adjusted profit before tax for FY23 in excess of £440m[1]. As part of a disciplined approach to capital allocation, we will continue to ensure the Group has a healthy and resilient balance sheet and will continue to invest selectively in high quality land and development opportunities as they arise.

Financial review

Group performance

The Group has delivered strong financial results despite challenging market conditions in the fourth quarter of FY22. The market outlook remains uncertain but the Group, strengthened by the Combination, is well placed both to overcome potential difficulties and to capture opportunities that may be presented by the changing economic conditions.

Completions	**2022**	**2021**	**Change**
Housebuilding	6,774	6,551	+3.4%
Partnerships Mixed Tenure	2,455	2,088	+17.6%
Countryside (11 Nov to 31 Dec 2022)	649	N/A	N/A
Total Group Completions	**9,878**	**8,639**	**+14.3%**
Partner Delivery Equivalent Units	2,073	2,441	-15.1%

During the year, the Group delivered 9,878 (2021: 8,639) legal completions, including 100% of JV completions. Excluding completions in the acquired Countryside business, there were 9,229 completions representing a 6.8% increase to the prior year.

Total adjusted revenue, including share of joint venture revenue, was £3,073.2m, 14.1% higher than prior year (2021: £2,693.6m). Excluding revenue from the Countryside acquisition, adjusted revenue was up 8.4%. The average selling price across the Group was £305,000 up 5.2% on the prior year. On a reported basis, revenue was £2,729.4m, 13.4% higher than last year (2021: £2,407.2m after restatement for trading with joint ventures).

There was a step up in adjusted gross profit in 2022 to £636.9m (adjusted gross margin: 20.7%) from £543.0m in 2021 (adjusted gross margin: 20.2%). The gross margin improvement was driven by the improved margin in the land bank brought into the year and supported by sales price increases despite significant build cost inflation in the year.

We have seen material availability return to pre-pandemic levels in early 2023 and a softening in overall build cost inflation, but some risk remains around categories impacted by global macro-economic factors, in particular those materials exposed to high energy use in the manufacturing process. Group purchasing agreements have provided some protection against a number of material price increases and we expect to see increased benefits from our central procurement with the increased scale of the business following the Countryside acquisition.

The Group delivered an adjusted operating profit for the year of £451.1m (2021: £368.4m) and an adjusted profit before tax of £418.4m (2021: £346.0m), with the year-on-year increase coming through from higher levels of gross margin, partially offset by a small increase in administrative expenses and finance costs. Adjusted operating margin was 14.7% (2021: 13.7%).

On a reported basis, the Group saw a profit before tax of £247.5m (2021: £319.5m), comprising operating profit of £212.5m (2021: £285.4m) after exceptional costs of £153.9m (2021: £12.2m), net financing expense of £12.2m (2021: net income of £4.1m) and share of joint venture profit of £47.2m (2021: £30.0m).

Partnerships performance

	2022	2021	Change
Mixed tenure	1,717	1,184	+45.0%
JV's (100%) Private	601	630	-4.6%
JV's (100%) Affordable	137	274	-50.0%
Total mixed tenure completions	2,455	2,088	+17.6%
Partner delivery units	2,073	2,441	-15.1%
Adjusted revenue	£938.4m	£864.3m	+£74.1m
Adjusted operating profit	£100.8m	£79.7m	+£21.1m
Adjusted operating margin	10.7%	9.2%	+1.5ppts
TNAV[6]	£159.1m	£78.8m	>100%

Partnerships completed a total of 2,455 units (2021: 2,088 units) from its mixed tenure operations (including 100% of JVs), with an average selling price of £256,000 (2021: £237,000) and partner delivery revenue generated equivalent units of 2,073 (2021: 2,441). The Partnerships business operated from an average of 28 active mixed tenure sites in 2022, with this number expected to be over 80 in 2023.

In line with our strategy, the mix of revenue has continued to switch towards mixed tenure developments in the year. Of the £938.4m total Partnerships revenue, 54% derived from mixed tenure (£507.7m) with 45% (£422.0m) from partner delivery projects, compared with 46% deriving from mixed tenure last year (2021: total £864.3m, partner delivery: £468.7m, mixed tenure: £395.6m). This shift in mix is partly responsible for the improved adjusted operating margin which has increased to 10.7% (2021: 9.2%) and contributes to the increase in adjusted operating profit to £100.8m (2021: £79.7m).

The Partnerships business has experienced similar build cost inflation pressures to Housebuilding and has been able to mitigate some of these pressures through strong supplier relationships, matching cost arrangements to pre-sale pricing arrangements.

The recently acquired Countryside business performed in line with expectations in the seven weeks between the Combination and the year end. Adjusted revenue of £152.5m was delivered in the period, with adjusted gross profit of £16.2m and adjusted operating profit of £0.5m. This is historically a quieter period for the Countryside business with its annual peak trading occurring in the quarter ending 30 September.

Housebuilding performance

	2022	**2021**	**Change**
Private	4,076	3,895	+4.6%
Affordable	1,355	1,369	-1.0%
JV's (100%) Private	1,108	996	+11.2%
JV's (100%) Affordable	235	291	-19.2%
Total completions	6,774	6,551	+3.4%
Adjusted revenue	£1,982.4m	£1,829.3m	+£153.1m
Adjusted gross profit	£464.5m	£407.1m	+£57.4m
Adjusted gross margin	23.4%	22.3%	+1.1pp
Adjusted operating profit	£383.4m	£305.4m	+£78.0m
Adjusted operating margin	19.3%	16.7%	+2.6ppts
TNAV[6]	£1,368.8m	£1,373.1m	-0.3%

Total completions in Housebuilding (including 100% of JVs) showed controlled growth of around 3%, as planned, at 6,774 units which included 1,590 affordable homes representing 23.5% of total completions (2021: 1,660 affordable homes, 25.3% of total completions).

Housebuilding pricing and demand was strong in the first three quarters of the year prior to the September mini-budget, after which there was a sharp reduction in demand although pricing remained firm. Over the year there was a 5.6% increase in average private sales price to £376,000 (2021: £356,000). The total average sales price increased to £324,600 (2021: £305,000) as a result of the reduction in proportion of affordable housing and house price inflation in the private market. The average number of sales outlets was 142 broadly in line with the previous year, as expected.

Housebuilding adjusted gross profit of £464.5m and Housebuilding adjusted gross margin of 23.4% advanced from 2021 (adjusted gross profit: £407.1m, adjusted gross margin: 22.3%), benefitting from a greater share of completions on sites with strategically sourced land.

Housebuilding adjusted operating profit of £383.4m has risen by 25.5% from the previous year (2021: £305.4m) with adjusted operating margin also growing to 19.3% (2021: 16.7%). The Housebuilding segment has maintained its operating structure, with 13 regional business units and has capacity within this structure to accommodate the transfer of those sites from the Countryside acquisition which more closely fit the characteristics of a Housebuilding business.

[6] TNAV represents tangible net asset value and is calculated as net assets, less goodwill, intangible assets, cash and debt.

Finance costs

The net financing expenses of the Group of £12.2m during 2022 compares to a net finance income of £4.1m during 2021 with primary components as follows:

	2022	**2021**	**Change**
Bank, commitment fees and other interest	(£17.4m)	(£12.9m)	(£4.5m)
Interest on land creditors and lease liabilities and provisions	(£9.4m)	(£6.0m)	(£3.4m)
Interest income	£14.6m	£23.0m	(£8.4m)
Net finance (cost)/income	**£(12.2m)**	**£4.1m**	**(£16.3m)**

The increase in bank, commitment fees and other interest is largely driven by the higher rates on our variable interest rate debt.

The Group also incurred a £7.1m charge (2021: £5.1m), reflecting the imputed interest on land bought on deferred terms and an additional £1.4m charge (2021: £0.9m) in relation to lease liabilities.

Joint ventures which are funded through loans are charged interest by the Group, and this generated the majority of the £14.6m of finance income recognised (2021: £23.0m).

Taxation

The Group has recognised a tax charge of £43.1m at an effective tax rate of 17.4% (2021: £65.4m, at an effective rate of 20.5%). The effective tax rate reduction is driven by prior year adjustments and the write off of provisions in the period.

The introduction of the Residential Property Developer Tax (RPDT) at a rate of 4% on profits from 1 April 2022 was substantively enacted on 2 February 2022. The anticipated liability arising post 1 April 2022 and prior to 31 December 2022 has been included in the reported tax charge.

The Group's effective tax rate for FY23 is expected to be in the region of 27.5% with nine months of the higher Corporation Tax rate of 25% being introduced in April 2023 and a full year impact of the RPDT of 4%.

Adjusting items

The Group manages the business by focussing on non-GAAP measures, which we refer to as adjusted measures as we believe they provide a better comparison of underlying performance measures from one period to the next. GAAP measures can include one-off, non-recurring items and recurring items.

The Group's share of revenue, gross profit and operating profit from joint ventures and associate is included within the respective adjusted measures in order to more accurately reflect the full scale of the Group's operations and performance. At an adjusted revenue level, revenue recognised on transactions with joint ventures is eliminated. The impact of these transactions at a gross profit level is de minimis.

The adjustments made to performance measures include the following items:

- an incremental fire safety provision (2022: £97.0m, 2021: £5.7m),

- exceptional costs of £56.9m relating to the Combination, consisting of £29.5m of transaction costs and £27.4m of acquisition-related integration and restructuring costs (2021: £6.5m in relation to the integration of Linden and Partnerships),

- the amortisation of acquired intangible assets 2022: £17.1m (2021: £14.2m).

Fire safety provision
On 7 April 2022, the Group signed up to the government's Developer Pledge for fire safety remedial work required on developments over 11 metres high. A provision of £71.4m was recognised in the Interim accounts for 30 June 2022.

On 13 March 2023 the Group became a signatory to the Developer Remediation Contract which they were committed to signing at the year end, and as such this has been treated a post-balance sheet adjusting event. This contract clarifies the extent of the additional obligations of the Group regarding fire safety remedial works; resulting in the recognition of an incremental £24.7m in provision. The acquired fire safety provision on the Combination with Countryside was £191.8m, which included the additional commitments of the Developer Remediation Contract.

The Group has spent £4.8m during the year on remediation (2021: £1.4m) resulting in the Group's closing provision for remedial works being £309.2m at 31 December 2022, after unwinding £0.9m of interest. A combined portfolio of 304 buildings is provided for in respect of remediation costs for multi-occupancy buildings, with work complete on 59.

Acquisition accounting
The acquisition accounting in relation to the Combination with Countryside is well progressed and we continue to review the provisional fair values for intangibles and inventories. We will complete this work in 2023 as the accounting standards require that the provisional fair values are finalised within twelve months from the acquisition date of 11 November 2022.

Prior to performing the fair valuation exercise, the accounting policies of Countryside first had to be aligned to those of the Group. The policies differ in the treatment of the capitalisation of certain personnel and pre-development costs, which has resulted in an £86m write down, net of deferred tax, to Countryside's assets at acquisition date. Simply put, on an assumption that the level of activity remained the same as prior years, the reduction in future cost of sales arising from the write-down of these assets is expected to be broadly offset by the increase in period costs arising from the non-capitalisation of such costs going forward.

The provisional fair value exercise has allocated the purchase price of Countryside of £1,137m as follows: inventories of £792m, investments, right of use assets and PP&E of £140m, intangibles such as brands and relationships of £349m and goodwill of £257m, less £209m of provisions and £192m of net working capital and other items, including cash and deferred tax. The total fair value adjustments which will unwind to underlying earnings is a credit of £107m, and this will unwind predominantly in underlying earnings over the next 6 to 8 years.

Net assets

	2022		2021	
	Vistry (excl. Countryside)	**Countryside**	**Vistry (excl. Countryside)**	**Change in Vistry (excl. Countryside)**
Goodwill and intangibles	£657.2m	£603.5m	£675.3m	-£18.1m
Tangible net assets excluding investments in joint ventures and associate	£1,486.9m	£130.2m	£1,305.6m	+£181.3m
Investment in joint ventures	£204.8m	£48.9m	£175.1m	+£29.7m
Net cash	-£196.5m	£314.7m	£234.5m	-£431.0m
Net assets	**£2,152.4m**	**£1,097.3m**	**£2,390.5m**	**-£238.1m**

As at 31 December 2022, net assets of £3,249.7m were £859.2m higher than at the start of the year, primarily driven by the Combination and partially offset by the costs incurred in relation to the Combination and incremental fire safety provisioning. Net assets per share were 937p (2021: 1,075p).

Goodwill and intangibles totalled £1,260.7m at 31 December 2022 (2021: £675.3m) with the increase resulting from the recognition of £349.1m of intangible assets following the Combination, relating to the Countryside Partnerships brand name, customer relationships and secured customer contracts (which were then amortised in the period post acquisition), and the recognition of £257.2m in goodwill.

Tangible net assets, including investments in joint ventures, increased from £1,480.6m at 31 December 2021 to £1,870.8m at 31 December 2022 driven by the Combination, with the provisional acquisition balance sheet shown in Note 11, as well as investment in land and work in progress which increased by £876.0m to £2,838.1m.

Trade and other receivables increased by £208.0m to £449.4m, and trade and other payables increased by £589.8m to £1,767.2m; both movements primarily driven by the Combination.

Cash flow and financing

As at 31 December 2022 the Group's net cash balance was £118.2m. Having started the year with £234.5m, the Group generated an operating cash inflow before land expenditure of £529.1m (2021: £635.6m). Net cash payments for land investment increased to £476.2m (2021: £368.6m).

Investing cash inflows totalled £19.3m, mainly driven by net inflows from joint ventures of £97.7m and offset by net outflows of £95.2m related to the Combination with Countryside.

In order to fund the Combination the Group took out a £400m Acquisition Term Loan, which matures in March 2025. As part of the same re-financing process, the Group exercised an option to extend its existing £500m Revolving Credit Facility (RCF) arrangement for a further year, meaning that it will now mature in December 2026. Together with a £100m US Private Placement, a retained £50m Bilateral Term Loan (repaid in March 2023), an overdraft of £5m and a Homes England loan facility of £10.7m, the Group had external funding facilities totalling £1,065.7m (2021: £665.7m) at 31 December 2022. These facilities are used to fund intra-period working capital movements and land investments with average monthly debt for the full year 2022 of £110.0m.

Shareholder distributions

The Group has stated a dividend expectation of two times earnings cover. In line with this policy, the Group is proposing to distribute 50% of the full year Adjusted Net Earnings[4] of £324.7m as dividends. Total interim dividend payments of £50.1m were made in November 2022. The proposed final dividend payments total £112.2m and represent a final dividend per share of 32p. Total dividend payments in respect of the financial year 2021 were £133.1m. Subject to AGM approval, the final dividend will be paid on 1 June 2023.

Following the announcement of the Group's share buy back scheme in May 2022, 4,056,968 shares were purchased in July 2022, representing a total share buy back of £35.2m.

As outlined in the shareholder circular dated 7 October 2022, following a period of integration we will now review, in consultation with shareholders, the enlarged Group's capital allocation policy to confirm whether it remains appropriate for the enlarged Group. Under the existing policy, any surplus capital, following investment in the business to support the enlarged Group's growth strategy and the payment of the ordinary dividend, is expected to be returned to the Group's shareholders through either a buyback or special dividend.

Land bank

Partnerships land bank

As at 31 December	**2022**	**2021**
Consented plots added	3,213	2,266
Sites added	19	11
Sites owned at year end	131	72
Sites controlled at year end	88	14
Total plots in land bank at year end inc. joint ventures	48,579	11,756
Average selling price inc. share of joint ventures	£325,000	£285,000
Average consented land plot price	£41,000	£42,000

The Partnerships land bank including joint ventures as at 31 December 2022 consisted of 48,579 plots across 219 sites. The land bank benefitted from the acquisition of 34,623 plots through the Combination from 62 owned and 79 controlled sites.

The 2,455 mixed tenure plots that legally completed in the year were more than offset by the acquisition of 2,371 owned plots on 14 sites. In addition, 842 plots were secured on a conditional basis on 5 sites. Of the 3,213 owned plots, 298 were sourced strategically. All sites acquired for Partnerships will support future returns on capital employed for the segment in excess of 40%.

The average selling price of all units within the consented land bank increased over the year to £325,000 (2021: £285,000). The estimated embedded gross margin in the land bank as at 31 December 2022, based on prevailing sales prices and build costs is 19.4% (2021: £19.3%).

Housebuilding land bank

As at 31 December	2022	2021
Consented plots added	5,334	6,432
Sites added	32	28
Sites owned at year end	210	216
Sites controlled at year end	26	14
Total plots in land bank at year end inc. joint ventures	32,763	**31,014**
Average selling price inc. share of joint ventures	£346,000	**£319,000**

The Housebuilding land bank including joint ventures of 32,763 plots as at 31 December 2022 represents c 4.1 years of supply based on 2022 completion volumes (2021: 31,014 plots and 4.8 years), including plots acquired with Countryside. A total of 5,039 plots were added to the Housebuilding land bank through the Combination and includes sites previously classified as Legacy Operations within Countryside Partnerships.

The land bank reflects our Housebuilding strategy to deliver controlled growth in the medium term using existing operating structures and improving both gross margin and return on capital employed to 25%.

The 6,744 plots that legally completed in the year were replaced by a total of 5,334 plots from a combination of site acquisitions representing 4,285 owned plots and a further 1,049 plots secured on a conditional basis across 10 sites. Of the 4,285 owned plots, 2,273 were sourced strategically.

The average selling price of all units within the consented land bank increased over the year to £346,000 (2021: £319,000). The estimated embedded gross margin in the consented land bank as at 31 December 2022, based on prevailing sales prices and build costs is 23.6% (2021: 25.0%). The decrease in margin is primarily driven by the inclusion of the Countryside sites.

Strategic land

As at 31 December 2022	Total sites	Total plots
By size		
0 – 150 plots	62	5,457
150 – 300 plots	48	10,230
300 – 500 plots	20	8,698
500 – 1,000 plots	20	13,221
1,000+ plots	17	28,207
Total	**167**	**65,813**
By planning status		
Planning agreed	11	8,839
Planning application	15	3,212
Ongoing application	141	53,762
Total	**167**	**65,813**
As at 31 December 2021	118	40,000

Strategic land continues to be an important source of supply and during the year 2,571 plots have been converted from the strategic land pipeline into the consented land bank. A further 4,503 plots were secured under options and planning consent gained on 1,453 plots over the year. 22,404 plots were added to strategic land as a result of the Combination.

Strategic land remains well positioned to deliver high quality developments in the near to medium term with good progress on a number of significant projects.

Risks and uncertainties
The Group is subject to a number of risks and uncertainties as part of its activities. The Board regularly considers these and seeks to ensure that appropriate processes are in place to manage, monitor and mitigate these risks.

Risks relating to sustainability are becoming increasingly important in the medium term, especially with the emerging transitional risks which are becoming enshrined in regulation.

Group income statement

For the year ended 31 December	Note	2022 £000	2021* £000
Revenue	2	2,729,432	2,407,158
Cost of sales		(2,315,703)	(1,967,886)
Gross profit		**413,729**	439,272
Analysed as:			
Adjusted gross profit	12	636,855	542,965
Other operating income		(57,713)	(40,659)
Exceptional cost of sales	4	(96,113)	(5,744)
Share of joint ventures' and associate gross profit		(69,300)	(57,290)
Gross profit		**413,729**	439,272
Administrative expenses including exceptional items		(258,936)	(194,517)
Other operating income		57,713	40,659
Operating profit		**212,506**	285,414
Analysed as:			
Adjusted operating profit	12	451,090	368,368
Exceptional expenses	4	(152,977)	(12,225)
Amortisation of acquired intangibles		(17,065)	(14,240)
Share of joint ventures' and associate operating profit		(68,542)	(56,489)
Operating profit		**212,506**	285,414
Financial income		14,547	23,062
Financial expenses including exceptional items		(26,776)	(18,931)
Net financing (expenses) / income		**(12,229)**	4,131
Share of profit of joint ventures and associate	7	47,207	29,991
Profit before tax		**247,484**	319,536
Analysed as:			
Adjusted profit before tax		418,426	346,001
Exceptional expenses		(153,877)	(12,225)
Amortisation of acquired intangibles		(17,065)	(14,240)
Profit before tax		**247,484**	319,536
Income tax expense		(43,139)	(65,411)
Profit for the year attributable to ordinary shareholders		**204,345**	254,125

*Revenue and cost of sales for 2021 have been restated in relation to trading with our joint ventures (see note 1).

	2022	2021
Earnings per share		
Basic	86.5p	114.6p
Diluted	86.3p	114.1p
Basic earnings per share (before exceptional items and amortisation of acquired intangibles)	137.5p	125.5p
Diluted earnings per share (before exceptional items and amortisation of acquired intangibles)	137.1p	124.9p

Group statement of comprehensive income

For the year ended 31 December	2022 £000	2021 £000
Profit for the year attributable to ordinary shareholders	**204,345**	254,125
Other comprehensive income / (expense)		
Items that will not be reclassified to the income statement		
Remeasurements on defined benefit pension scheme	(16,374)	33,838
Deferred tax on remeasurements on defined benefit pension scheme	2,399	(9,148)
Total other comprehensive (expense) / income	**(13,975)**	24,690
Total comprehensive income for the year attributable to ordinary shareholders	**190,370**	278,815

Balance sheets

As at 31 December	Note	2022 £000	2021 £000
Assets			
Goodwill		804,742	547,509
Intangible assets		455,965	127,809
Property, plant and equipment		20,945	4,742
Right-of-use assets		77,217	31,069
Investments	7	253,659	175,064
Amounts recoverable from joint ventures and associate		391,382	308,217
Trade and other receivables		601	454
Restricted cash		382	778
Deferred tax assets		1,819	-
Retirement benefit asset		34,251	45,318
Total non-current assets		**2,040,963**	1,240,960
Inventories		2,838,140	1,962,155
Trade and other receivables		449,440	241,420
Cash and cash equivalents		676,760	398,714
Current tax asset		10,417	-
Total current assets		**3,974,757**	2,602,289
Total assets		**6,015,720**	3,843,249
Equity			
Issued capital		173,605	111,154
Share premium		360,801	361,081
Capital redemption reserve		1,278	-
Merger reserve		1,597,756	823,513
Retained earnings		1,116,232	1,094,833
Total equity attributable to equity holders of the parent		**3,249,672**	2,390,581
Liabilities			
Bank and other loans	8	508,657	164,260
Trade and other payables		334,484	211,296
Lease liabilities		71,826	18,836
Provisions		280,764	30,928
Deferred tax liabilities		-	38,444
Total non-current liabilities		**1,195,731**	463,764
Bank and other loans	8	49,938	-
Trade and other payables		1,432,711	966,127
Lease liabilities		14,756	14,215
Provisions		72,912	8,455
Current tax liabilities		-	107
Total current liabilities		**1,570,317**	988,904
Total liabilities		**2,766,048**	1,452,668
Total equity and liabilities		**6,015,720**	**3,843,249**

Group statement of changes in equity

For the year ended 31 December	Note	Own shares held £000	Other retained earnings £000	Total retained earnings £000	Issued capital £000	Share premium £000	Capital Redemption reserve £'000	Merger reserve £000	Total £000
Balance at 1 January 2021		**(6,956)**	**906,741**	**899,785**	**111,127**	**360,657**	-	**823,513**	**2,195,082**
Profit for the year		-	254,125	254,125	-	-	-	-	254,125
Total other comprehensive income		-	24,690	24,690	-	-	-	-	24,690
Total comprehensive income		**-**	**278,815**	**278,815**	**-**	**-**	-	**-**	**278,815**
Issue of share capital		-	-	-	27	424	-	-	451
LTIP shares exercised		3,584	(3,584)	-	-	-	-	-	-
Share-based payments		-	4,543	4,543	-	-	-	-	4,543
Dividends paid	6	-	(88,709)	(88,709)	-	-	-	-	(88,709)
Deferred and current tax on share-based payments		-	399	399	-	-	-	-	399
Total transactions with owners recognised directly in equity		**3,584**	**(87,351)**	**(83,767)**	**27**	**424**	-	**-**	**(83,316)**
Balance at 31 December 2021		**(3,372)**	**1,098,205**	**1,094,833**	**111,154**	**361,081**	-	**823,513**	**2,390,581**
Balance at 1 January 2022		**(3,372)**	**1,098,205**	**1,094,833**	**111,154**	**361,081**	-	**823,513**	**2,390,581**
Profit for the year		-	204,345	204,345	-	-	-	-	204,345
Total other comprehensive expense		-	(13,975)	(13,975)	-	-	-	-	(13,975)
Total comprehensive income		**-**	**190,370**	**190,370**	**-**	**-**	-	**-**	**190,370**
Issue of share capital		-	-	-	7	(280)	-	-	(273)
Purchase of own shares		(14,484)	-	(14,484)	-	-	-	-	(14,484)
Cancellation of shares		-	(22,413)	(22,413)	(1,278)	-	1,278	-	(22,413)
Shares issued as consideration		-	854	854	63,722	-	-	774,243	838,819
LTIP shares exercised		456	(456)	-	-	-	-	-	-
Share-based payments		-	6,337	6,337	-	-	-	-	6,337
Dividend paid	6	-	(138,858)	(138,858)	-	-	-	-	(138,858)
Deferred and current tax on share-based payments		-	(407)	(407)	-	-	-	-	(407)
Total transactions with owners recognised directly in equity		**(14,028)**	**(154,943)**	**(168,971)**	**62,451**	**(280)**	**1,278**	**774,243**	**668,721**
Balance at 31 December 2022		**(17,400)**	**1,133,632**	**1,116,232**	**173,605**	**360,801**	**1,278**	**1,597,756**	**3,249,672**

Group Statements of cash flows

For the year ended 31 December	Note	2022 £000	2021 £000
Cash flows from operating activities			
Profit for the year		204,345	254,125
Depreciation and amortisation		35,272	32,524
Impairment losses		9,505	-
Financial income		(14,547)	(23,062)
Financial expense		26,776	18,931
Loss on disposal of property, plant and equipment		3	1
Equity-settled share-based payment expense		6,337	4,543
Income tax expense		43,139	65,411
Share of profit of joint ventures and associate	7	(47,207)	(29,991)
Profit released on sale of assets from joint ventures and associate		-	(265)
(Increase) in trade and other receivables		(86,059)	(15,308)
Increase in inventories		(83,656)	(125,634)
(Decrease) / increase in trade and other payables		(63,346)	143,604
Increase / (decrease) in provisions		105,589	(1,018)
Cash generated from operations		**136,151**	323,861
Interest paid		(16,570)	(17,835)
Interest paid on lease payments^		(1,408)	(905)
Income taxes paid		(65,300)	(39,000)
Net cash generated from operating activities		**52,873**	266,121
Cash flows from investing activities			
Bank interest received		477	12
Acquisition of intangible assets		(43)	(1,516)
Acquisition of property, plant and equipment		(1,586)	(1,546)
Acquisition of Countryside net of cash acquired	11	(77,667)	-
Loans made to and investments in joint ventures and associate		(139,476)	(126,423)
Interest received on loans to joint ventures and associate		10,602	32,730
Loan repayments from joint ventures and associate		188,484	124,947
Distributions from joint ventures and associate	7	38,065	16,989
Decrease in restricted cash		396	415
Net cash generated from / (used in) investing activities		**19,252**	45,608
Cash flows from financing activities			
Dividends paid	6	(138,858)	(88,709)
Principal elements of lease payments		(16,141)	(15,745)
Net (spend on) / proceeds from the issue of share capital		(273)	451
Share buyback		(35,245)	-
Drawdown of bank and other loans		1,390,000	220,000
Repayment of bank and other loans		(993,562)	(370,000)
Net cash generated from / (used in) financing activities		**205,921**	(254,003)
Net increase in cash and cash equivalents		278,046	57,726
Cash and cash equivalents at 1 January		398,714	340,988
Cash and cash equivalents at 31 December		**676,760**	398,714

1 Basis of preparation

General information

Vistry Group PLC (the "Company") is a public company, limited by shares, domiciled and incorporated in England, United Kingdom. The shares are listed on the London Stock Exchange. The consolidated financial statements of the Company for the year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in joint ventures and associate. The financial statements were authorised for issue by the Directors on [22] March 2023. The registered office for Vistry Group PLC is 11 Tower View, Kings Hill, West Malling, Kent, ME19 4UY.

Basis of accounting

The financial information set out above does not constitute the Company's statutory financial statements for the years ended 31 December 2022 or 2021 but is derived from those financial statements. Statutory financial statements for 2021 have been delivered to the registrar of companies, and those for 2022 will be delivered in due course. The auditors have reported on those financial statements; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

For the year to 31 December 2022, the financial statements of the Company and the consolidated financial statements of the Group have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the Company income statement and statement of comprehensive income.

There are no new standards effective for the first time in the year beginning 1 January 2022 which have had a material impact on the Group's reported results.

In accordance with section 612 of the Companies Act 2006, advantage is taken of the relief from the requirement to create a share premium account to record the excess over the nominal value of shares issued in a share for share transaction. Where the relevant requirements of section 612 of the Companies Act 2006 are met, the excess of any nominal value is credited to a merger reserve.

All other accounting policies have been applied consistently to the Company and the Group.

The financial statements are prepared on the historical cost basis unless otherwise stated.

The functional currency of the Group is Pounds Sterling (GBP), and the accounts are presented in the same currency.

Going concern

The Group has prepared a cash flow forecast to confirm the appropriateness of the going concern assumption in these accounts. The forecast was prepared using a likely base case and a severe but plausible downside sensitivity scenario. In the downside scenario the Group have assumed decreased affordability, leading to reduced demand for housing and falling house prices. We continue to see some build cost inflation with higher energy prices impacting a selected range of materials required. Whilst this has not been factored into our assumptions we are targeting a reduction in labour rates as the labour market softens. In both the base case and the downside sensitivity scenario, the forecasts indicated that there was sufficient headroom and liquidity for the business to continue based on the facilities available to the Group. In each of these scenarios the Group was also forecast to comply with the required covenants on the aforementioned borrowing facilities. Consequently, the Directors have not identified any material uncertainties to the Group's ability to continue as a going concern over a period of at least twelve months from the date of the approval of the financial statements and have concluded that using the going concern basis for the preparation of the financial statements is appropriate.

In the downside sensitivity scenario, the following assumptions have been applied (in aggregate):

- A 10% reduction in private sales volumes in 2023 and 20% reduction in 2024, with a corresponding reduction in development spend
- A 10% reduction in private sales prices
- A rise in interest cost of 100bps
- No sensitivity has been applied to either the affordable and PRS or partner delivery revenue streams as it is assumed that these would not be impacted by a downturn due to the significant proportion of this revenue which is pre-sold

In a severe but plausible downside, the following mitigating actions have been modelled:

- Cessation of uncommitted land spend
- Reduction in planned dividend outflows by 50% from H2 2023 onwards

The Board continues to take prudent decisions to best support the business through this period of uncertainty, including measures to protect the Group's cash position, liquidity and maintain a robust balance sheet.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December 2022. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power over the entity.

In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. A joint arrangement is an arrangement over which the Group and one or more third parties have joint control. These joint arrangements are in turn classified as:

- Joint ventures whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities; and

- Joint operations whereby the Group has rights to the assets and obligations for the liabilities relating to the arrangement.

The consolidated financial statements include the Group’s share of the comprehensive income and expenses of its joint ventures and associate on an equity accounted basis and its share of income and expenses of its joint operation within the corresponding lines of the income statement, from the date that joint control commenced.

Restatement of Vistry Group PLC 2021 financial statements and notes

Reported revenue and cost of sales have been restated for the year ended 31 December 2021 (increasing partner delivery revenue and cost of sales by £48.1m). This adjustment was to correct a prior period error in calculating the revenue and associated cost of sales that recognised in relation to assets previously sold by the Group to joint ventures that have subsequently been sold by these joint ventures to external parties. The gross profit element of this error is de minimis, and as a result no adjustment to gross profit has been made in the restatement.

2 Revenue

Revenue by type	2022 £000	2021 £000
Private housing	1,895,566	1,599,616
Affordable housing and PRS revenue	350,465	261,894
Partner delivery revenue*	470,357	516,769
Bare land sales	5,654	22,727
Release of deferred revenue from joint ventures	-	243
Other	7,390	5,909
Total	2,729,432	2,407,158

* Revenue and cost of sales for 2021 has been restated in relation to trading with our joint ventures

3 Segmental reporting

All revenue and profits disclosed relate to continuing activities of the Group and are derived from activities performed in the United Kingdom.

The Chief Operating Decision Maker (CODM), which is the Board, notes that the Group's main operation is that of a housebuilder and it operates entirely within the United Kingdom.

Segmental reporting is presented in respect of the Group's business segments reflecting the Group's management and internal reporting structure and is the basis on which strategic operating decisions are made by the Group's CODM.

Following the Combination on 11 November 2022, the Board have identified three separate segments for 2022 having taken into consideration IFRS 8: "Operating Segments" criteria, Housebuilding, Partnerships and Countryside, since the CODM has reviewed information relating to the recently acquired Countryside business separate to the existing Housebuilding and Partnerships businesses.

The Housebuilding segment develops sites across England, providing private and affordable housing on land owned by the Group or the Group's joint ventures. Housebuilding offers properties under both the Bovis and Linden brand names.

The Partnerships segment specialises in partnering with housing associations and other public sector businesses across England, including London, to deliver either the development of private, affordable and PRS housing on land owned by the Group or the Group's joint ventures, or to provide contracting services for development. The Partnerships segment currently operates under the Vistry Partnerships and Drew Smith brand names, though the Drew Smith and Vistry Partnerships brand names will cease to be used once current sites complete and the segment will operate under the Countryside Partnerships brand going forwards.

During the year, one development site was transferred from the Housebuilding to the Partnerships operating segment due to their closer alignment with the Partnerships commercial proposition. The impact of the transfer on the adjusted gross margin for Partnerships was to increase it by 2bps and the impact on adjusted gross margin for Housebuilding was to increase it by 2bps.

The Countryside segment represents the business acquired on 11 November 2022 and is a business which primarily partners with housing associations and other public sector businesses across England, including London, to deliver the development of private and affordable housing on land owned by the Group or the Group's joint ventures or associate. The Countryside segment operated under the Countryside Partnerships brand name.

Segmental adjusted operating profit and segmental operating profit include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Central head office costs are allocated between the segments where possible, or otherwise reported within the separate column for Group items together with acquisition related exceptional items and amortisation of acquired intangibles.

Segmental tangible net asset value (TNAV) includes items directly attributable to the segment as well as those that can be allocated on a reasonable basis, with the exception of net cash or debt, retirement benefit assets / liabilities and tax balances payable / receivable.

Adjusted financial results include share of joint ventures and associate and exclude exceptional items. Adjusted revenue is stated exclusive of revenue recognised by the Group on transactions with joint ventures and associate, no adjustment is made to adjusted gross margin as the impact is de minimis. Adjusted gross profit is stated including other operating income.

Segmental financial performance

Year ended 31 December 2022	Housebuilding £000	Partnerships £000	Countryside £000	Group items £000	Total £000
Revenue	1,737,944	854,504	136,984	-	2,729,432
Share of joint ventures‘ and associate‘s revenue	244,409	132,715	15,505	-	392,629
Elimination of revenue recognised on transactions with joint ventures and associate	-	(48,824)	-	-	(48,824)
Adjusted revenue	1,982,353	938,395	152,489	-	3,073,237
Gross profit	294,908	108,268	10,553	-	413,729
Share of joint ventures‘ and associate’s gross profit	45,461	19,061	4,778	-	69,300
Exceptional cost of sales	91,123	4,990	-	-	96,113
Other operating income	33,001	23,876	836	-	57,713
Adjusted gross profit	464,493	156,195	16,167	-	636,855
Operating profit	244,343	57,507	(12,814)	(76,530)	212,506
Share of joint ventures‘ and associate’s operating profit	45,131	18,855	4,556	-	68,542
Exceptional items	91,123	12,932	5,974	42,948	152,977
Amortisation of acquired intangibles	2,757	11,480	2,828	-	17,065
Adjusted operating profit	383,354	100,774	544	(33,582)	451,090
Adjusted gross margin	23.4%	16.6%	10.6%	-	20.7%
Adjusted operating margin	19.3%	10.7%	0.4%	-	14.7%

3 Segmental reporting (continued)

Year ended 31 December 2021	Housebuilding £000	Partnerships £000	Group items £000	Total £000
Revenue*	1,621,692	785,466	-	2,407,158
Share of joint ventures' revenue	207,614	126,977	-	334,591
Elimination of revenue recognised on transactions with joint ventures and associate *	-	(48,116)	-	(48,116)
Adjusted revenue	1,829,306	864,327	-	2,693,633
			-	
Gross profit	337,449	101,823	-	439,272
Share of joint ventures' gross profit	39,348	17,942	-	57,290
Exceptional cost of sales	3,174	2,570	-	5,744
Other operating income	27,154	13,505	-	40,659
Adjusted gross profit	407,125	135,840	-	542,965
Operating profit	260,734	47,827	(23,147)	285,414
Share of joint ventures' operating profit	38,689	17,800	-	56,489
Exceptional items	3,174	2,570	6,481	12,225
Amortisation of acquired intangibles	2,760	11,480	-	14,240
Adjusted operating profit	305,357	79,677	(16,666)	368,368
Adjusted gross margin	22.3%	15.7%	-	20.2%
Adjusted operating margin	16.7%	9.2%	-	13.7%

* Revenue and cost of sales for 2021 have been restated in relation to trading with our joint ventures (see note 1).

Segmental financial position

As at 31 December 2022	Housebuilding £000	Partnerships £000	Countryside £'000	Group items £000	Total £000
Goodwill and intangibles	275,255	381,923	603,529	-	1,260,707
Tangible net assets excluding investments in joint ventures and associate	1,235,675	87,404	130,208	163,854	1,617,141
Investments in joint ventures and associate	133,125	71,683	48,851	-	253,659
Net cash	-	-	314,719	(196,554)	118,165

As at 31 December 2022	Housebuilding £000	Partnerships £000	Group items £000	Total £000
Goodwill and intangibles	278,381	396,937	-	675,318
Tangible net assets excluding investments in joint ventures	1,222,002	54,782	28,786	1,305,570
Investments in joint ventures	151,080	23,984	-	175,064
Net cash	-	-	234,454	234,454

4 Exceptional expenses

Exceptional items are those which, in the opinion of the Board, are material by size and irregular in nature and therefore require separate disclosure within the income statement in order to assist the users of the financial statements in understanding the underlying business performance of the Group.

2022 exceptional expenses relate to the Combination with Countryside and an incremental fire safety provision.

2021 exceptional expenses relate to one-off integration activities following the 2020 acquisition of Linden and Partnerships from Galliford Try and an incremental fire safety provision.

	2022 £000	2021 £000
Administrative expenses relating to the Combination with Countryside	56,864	-
Administrative expenses relating to the Acquisition of Linden and Partnerships	-	6,481
Cost of sales relating to legacy property fire safety	96,113	5,744
Interest on fire safety provision	900	
Total exceptional expenses	153,877	12,225

On 11 November 2022, the Group completed the Combination with Countryside Partnerships PLC. The administrative expenses incurred in the year ended 31 December 2022 in relation to this transaction include legal, financing and accounting advisory service fees, transaction insurance costs totalling £29.5m and costs directly attributable to the integration and restructuring of the Group, totalling £27.4m. Further exceptional costs are expected to be incurred in 2023 in relation to integration activities and further restructuring.

On 3 January 2020, the Group completed the acquisition of Linden and Partnerships from Galliford Try PLC. In the year ended 31 December 2021, the exceptional administrative expense solely related to the conclusion of system integration work and residual restructuring related to this acquisition.

Exceptional expenses relating to legacy property fire safety result from ongoing investigations into properties developed where remediation works may be required. The amount of the provision reflects our best estimate to carry out these remediation works.

Tax on exceptional items in 2022 was £30.7m (2021: £2.3m).

5 Earnings per share

Profit attributable to ordinary shareholders

	2022 £000	2021 £000
Profit for the year attributable to equity holders of the parent	204,345	254,125
Profit for the year attributable to equity holders of the parent (before exceptional items and amortisation of acquired intangibles)	324,687	278,267

Earnings per share

	2022	2021
Basic earnings per share	86.5p	114.6p
Diluted earnings per share	86.3p	114.1p
Basic earnings per share (before exceptional items and amortisation of acquired intangibles*)	137.5p	125.5p
Diluted earnings per share (before exceptional items and amortisation of acquired intangibles*)	137.1p	124.9p

Weighted average number of shares used as the denominator

	2022	2021
Weighted average number of ordinary shares for the year ended 31 December	236,161,867	221,788,132

Basic earnings per share

Basic earnings per ordinary share for the year ended 31 December 2022 is calculated on a profit attributable to shareholders of £204,345,000 (2021: £254,125,000) over the weighted average of 236,161,867 (2021: 221,788,132) ordinary shares in issue during the year.

Diluted earnings per share

The calculation of diluted earnings per share for the year ended 31 December 2022 was based on the profit attributable to ordinary shareholders of £204,345,000 (2021: £254,125,000) over the diluted weighted average ordinary shares potentially in issue for the year ended 31 December 2022 of 236,748,342 (2021: 222,787,131).

The average number of shares is increased by reference to the average number of potential ordinary shares held under option during the year. This reflects the number of ordinary shares which would be purchased using the aggregate difference in value between the market value of shares and the share option exercise price and fair value of future employee services. The market value of shares has been calculated using the average ordinary share price during the year. Only share options which are expected to meet their cumulative performance criteria have been included in the dilution calculation.

6 Dividends

The following dividends were paid by the Group:

	2022 £000	2021 £000
Prior year final dividend per share of 40p (2021: 20p)	88,747	44,340
Current year interim dividend per share of 23p (2021: 20p)	50,111	44,369
	138,858	88,709

A final dividend of 32 pence per share (cumulative amount: £162.3m)has been declared and, subject to shareholder approval at the AGM, will be paid on 1 June 2023 in respect of 2022.

7 Investments

The movement in investments accounted for using the equity method during the year is as follows:

	2022 £000	2021 £000
Beginning of the year	175,064	145,153
Acquired with the acquisition of Countryside Partnerships PLC	61,617	-
Investments in joint ventures and associate	2,642	16,909
Profit for the year	47,207	29,991
Distributions paid	(32,871)	(16,989)
	253,659	175,064

8 Bank and other loans

Interest rate profile of bank and other loans

At 31 December	Rate	Available facility £000	Facility maturity	Carrying value 2022 £000	Carrying value 2021 £000
Revolving credit facility*	SONIA +160-250bps	500,000	2026	-	-
Term Loan**	SONIA +190-310bps	400,000	2025	400,000	-
USPP Loan***	403bps	100,000	2027	105,564	106,475
Prepaid facility fee	n/a	n/a	n/a	(4,191)	(312)
Bilateral Term Loan****	SONIA +265bps	n/a	2023	-	50,000
Homes England development loan	ECRR +120-220bps	10,667	2029	7,284	8,097
Overdraft facility	BoE Base +150bps	5,000	2025	-	-
Non-current borrowings		1,015,667		508,657	164,260
Bilateral Term Loan****	SONIA +265bps	50,000	2023	50,000	-
Prepaid facility fee	n/a	n/a	n/a	(62)	-
Current borrowings		50,000		49,938	-
Total borrowings		1,065,667		558,595	164,260

* This facility commenced on 17 December 2021. This is a sustainability linked finance agreement with a margin ratchet of +/-2.5bps in addition to the rate above, dependant on performance against sustainability KPIs. The facility includes two options to extend the agreement by one year, the first of which was exercised in November 2022, extending the facility maturity to December 2026.
** Term Loan agreement entered into on 5 September 2022 in order to finance the Combination with Countryside Partnerships PLC, ending March 2025.
*** Carrying value is quoted including impact from the fair value of future interest payments.
**** This loan commenced on 17 March 2020. The maturity date for this facility was amended on 23 February 2021 from 17 March 2021 to 17 March 2023 and it was therefore presented within non-current liabilities in 2021 and current liabilities in 2022

The £500 million four-year revolving credit facility syndicate comprises eight banks, six of which form the syndicate for the £400m term loan. The revolving credit facility, Term Loan, USPP Loan and Bilateral Term Loan all include a covenant package, covering interest cover, gearing and tangible net worth requirements, which are tested semi-annually.

9 Related party transactions

Transactions between fellow subsidiaries, which are related parties, have been eliminated on consolidation, as have transactions between the Company and its subsidiaries during this year.

Transactions between the Group, Company and key management personnel in the year ended 31 December 2022 were limited to those relating to remuneration.

Mr. Greg Fitzgerald, Group Chief Executive, is non-executive Chairman of Ardent Hire Solutions Limited ("Ardent").

Mr. Graham Prothero, former Chief Operating Officer who ceased to be a Director of the Group from 31 December 2022 is non-executive Director and Chair of the Audit Committee of Marshalls PLC. The Group incurred costs with Marshalls PLC in relation to landscaping services.

Ms. Katherine Innes Ker, is a non-executive Director of Forterra PLC. The Group incurred costs with Forterra PLC in relation to the supply of bricks.

Mr. Ian Tyler, former non-executive Chairman who resigned in 2022, was also the Chairman of Affinity Water Limited and a non-executive Director of BAE Systems PLC. The Group received water services and incurred car parking charges with these companies, respectively, during the prior year.

Mr. Stephen Teagle, Chief Executive of Vistry Partnerships, is the Chair of The Housing Forum. The Group paid for a subscription to The Housing Forum during the year.

The total net value of transactions with related parties excluding joint ventures and associate have been made at arms length and were as follows:

	Expenses paid to related parties		Amounts payable to related parties		Amounts owed by related parties	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	£000	£000	£000	£000	£000	£000
Trading transactions						
Ardent	5,319	5,598	774	426	-	-
Marshalls PLC	1	16	91	-	-	-
Forterra PLC	67	579	48	115	-	-
Affinity Water Limited	4	31	2	-	-	1
BAE Systems PLC	-	1	-	-	-	-
The Housing Forum	13	-	-	-	-	-

9 Related party transactions (continued)

Transactions between the Group and its joint ventures and associate are disclosed as follows:

	Sales to related parties		Interest income and dividend distributions from related parties	
	31 Dec 2022 £000	31 Dec 2021 £000	31 Dec 2022 £000	31 Dec 2021 £000
Trading transactions*	134,817	142,606	-	-
Non-trading transactions	-	-	46,564	40,183

	Amounts owed by related parties		Amounts owed to related parties	
	31 Dec 2022 £000	31 Dec 2021 £000	31 Dec 2022 £000	31 Dec 2021 £000
Balances with joint ventures and associate	391,382	308,217	139,672	46,010

* Trading transactions with joint ventures in the year ended 31 December 2021 has been restated within this note to include £100.6m of sales to Gallions LLP, Opal Silvertown LLP and Enfield LLP.

Sales to related parties including joint ventures and associate are based on normal commercial terms available to unrelated third parties. The loans made to joint ventures and associate bear interest at rates of between 0.0% and 6.0%; all balances with related parties will be settled in cash.

As at the reporting date, 3 (2021: 3) of the Group's employees have a close family member on the Executive Committee. These individuals were recruited through the normal interview process and are employed at salaries commensurate with their experience and roles. The combined annual salary and benefits of these individuals is less than £0.4m (2021: £0.3m).

There have been no other related party transactions in the financial year which have materially affected the financial performance or position of the Group, and which have not been disclosed.

10 Reconciliation of Return on Capital Employed performance measure

The ROCE calculation for the Group is detailed below:

	2022 £000	2021 £000
Adjusted operating profit (see note 2.2)	451,090	368,368
Opening total equity	2,390,581	2,195,082
Deduct: goodwill	547,509	547,509
Deduct: intangible assets	127,809	143,585
Deduct: net cash	234,454	37,885
Deduct: retirement benefit asset	45,318	9,077
Opening capital employed	1,435,491	1,457,026
Closing total equity	3,249,672	2,390,581
Deduct: goodwill	804,742	547,509
Deduct: intangible assets	455,965	127,809
Deduct: net cash	118,165	234,454
Deduct: retirement benefit asset	34,251	45,318
Closing capital employed	1,836,549	1,435,491
Average capital employed*	1,593,106	1,446,259
Group ROCE including share of joint ventures and associate	28.3%	25.5%

* Average of opening and closing capital employed for the year, adjusted for the pro-rated average capital employed by Countryside during the post-acquisition period

11 Business combinations

On 11 November 2022, the Group completed the Combination with Countryside Partnerships for a consideration of £1,137m. The Combination has positioned the Group as the largest national housebuilder by volume, expanded the Group's presence across the UK and established the Group as the industry leader in the highly attractive, high-growth Partnerships business. The acquisition was of 100% of the share capital and control of Countryside Partnerships PLC and all of its subsidiaries. Details of the purchase consideration, the net assets acquired and goodwill at 11 November 2022 are as follows:

Purchase consideration

	£000
Cash consideration	299,876
Shares in Vistry Group PLC issued	837,967
Replacement of SAYE schemes	852
Less: shares issued to acquired employee benefit trust	(1,651)
Total purchase consideration	**1,137,044**

The share consideration included 127,447,399 Vistry Group PLC shares with nominal value of £0.50 per share and a fair value of £6.58, being the opening share price on 14 November 2022, the first time the consideration shares could have been traded. £774.2m was recognised within the merger reserve in relation to these consideration shares issued, being the excess of the share price on the date of issue over nominal value of the shares. The consideration related to the replacement of SAYE schemes is calculated based on the fair value of the various options granted to former Countryside employees multiplied by the number of options and the estimated likelihood of vesting.

11 Business combinations (continued)

The provisional fair value of the assets and liabilities recognised as a result of the Combination are as follows:

	Provisional fair value 11 November 2022 £000
Cash and cash equivalents	224,702
Property, plant and equipment	18,101
Right-of-use assets	60,849
Intangible assets	349,102
Investments	61,617
Inventories	792,329
Amounts owed by joint ventures and associate	108,380
Trade and other receivables	122,108
Trade and other payables	(608,741)
Borrowings	(2,493)
Lease liabilities	(64,230)
Provisions	(208,706)
Net deferred tax asset	26,793
Net identifiable assets acquired	879,811
Goodwill	257,233
	1,137,044

The acquired intangibles include the Countryside Partnerships brand name, the customer relationships and the secured contracts of the acquired business. The acquired intangible assets have estimated useful lives of between 5 and 25 years. KPMG supported management in the fair valuation of the acquired intangible assets and preparation of the purchase price allocation.

The goodwill for the acquired business reflects intangible assets which do not qualify for separate recognition including the strong position in the market and future prospects, as well as the assembled workforce and synergies that will be achieved as an enlarged business.

None of the goodwill is expected to be deductible for tax purposes.

There have been no further business combinations in 2022.

12 Alternative performance measures

The Group uses alternative performance measures which are not defined within UK-adopted International Accounting Standards. The Directors use these alternative performance measures, along with UK-adopted International Accounting Standards measures, to assess the operational performance of the Group. The Group's alternative performance measures reflect the contribution of the joint venture and associate investments held and the impact of amortisation of intangibles resulting from the acquisitions of Linden and Partnerships from Galliford Try PLC in 2020 and of Countryside in 2022.

The inclusion of associate share of results within the below alternative performance measures reflects the acquisition of an investment in associate as a result of the Combination with Countryside. The Group did not have any associates in 2021 and therefore the 2021 comparative is unchanged.

Adjusted revenue

Adjusted revenue is defined as revenue including share of joint ventures' and associate revenue:

	2022 £000	2021 £000
Revenue per Group income statement*	2,729,432	2,407,158
Share of joint ventures' and associate revenue	392,629	334,591
Elimination of revenue recognised on transactions with joint ventures and associate	(48,824)	(48,116)
Adjusted revenue	**3,073,237**	**2,693,633**

*Revenue and cost of sales for 2021 have been restated in relation to trading with our joint ventures (see note 1).

Adjusted gross profit

Adjusted gross profit is defined as gross profit including share of joint ventures' and associate gross profit, plus other operating income and before exceptional cost of sales:

	2022 £000	2021 £000
Gross profit per Group income statement	413,729	439,272
Share of joint ventures' and associate gross profit	69,300	57,290
Exceptional cost of sales	96,113	5,744
Other operating income	57,713	40,659
Adjusted gross profit	636,855	542,965

Adjusted operating profit

Adjusted operating profit is defined as operating profit including share of joint ventures' and associate operating profit, before exceptional expenses and amortisation of acquired intangibles:

	2022 £000	2021 £000
Operating profit per Group income statement	212,506	285,414
Share of joint ventures' and associate operating profit	68,542	56,489
Exceptional expenses	152,977	12,225
Amortisation of acquired intangibles	17,065	14,240
Adjusted operating profit	451,090	368,368

Adjusted profit before tax

Adjusted profit before tax is defined as profit before tax before exceptional expenses and amortisation of acquired intangibles:

	2022 £000	2021 £000
Profit before tax per Group income statement	247,484	319,536
Exceptional expenses	153,877	12,225
Amortisation of acquired intangibles	17,065	14,240
Adjusted profit before tax	418,426	346,001