

Chief Executive's Statement

Delivering the homes the country needs



Introduction

We delivered a solid financial performance in FY25, whilst making good progress against our strategic priorities. Despite continued challenges around mortgage affordability and cost of living pressures, reduced volatility in mortgage rates, a broadening range of mortgage products available, easing inflation trends and a more balanced economic backdrop supported demand in FY25, as reflected in our solid reservation rates.

The Redrow acquisition, completed in August 2024, was a transformative milestone - bringing a complementary premium brand, high-quality land assets and significant opportunities to unlock both cost and revenue synergies. The acquisition strengthens our market position and underpins our confidence in delivering our medium-term target of 22,000 total home completions per year. Together, we are uniquely placed to drive growth, enhance shareholder value and continue to deliver the homes the UK needs. I would like to thank our teams throughout the business and our wider supply chain partners for their continued professionalism and dedication as we capture the exciting opportunities ahead for Barratt Redrow.

Performance summary

In FY25 we delivered total home completions of 16,565 (FY24: 14,004^R; 17,972^A) including completions from Redrow since the acquisition in August 2024. Whilst this was slightly lower than the guided volume range, we delivered adjusted profit before tax and before the impact of Redrow acquisition fair value adjustments, slightly ahead of expectations at £591.6m (FY24: £385.0m^R; £585.7m^A). Our reported profit after tax was £186.4m (FY24: £114.1m^R; £249.5m^A).

We continue to maintain a strong balance sheet with year-end net cash of £772.6m (FY24: £868.5m^R; £1,164.5m^A) after the payment of dividends, the share buyback and legacy property-related spend.

ROCE reduced to 9.0% (FY24: 9.5%^R) reflecting the increase in capital employed through the Redrow acquisition, as well as the negative impact of acquisition fair value adjustments on reported profitability.

For more information on our financial performance and on the additional accounting impacts of the Redrow acquisition, please refer to the Chief Financial Officer's Statement.

Acquisition of Redrow

In August 2024 we completed our acquisition of Redrow plc, creating a business which can deliver 22,000 homes per annum through three high quality brands at a range of price points. We are delighted to have added Redrow's talented teams to our own employee base. By using the Redrow brand to complement our two existing homebuilding brands - Barratt Homes, including Barratt London, and David Wilson Homes - we plan to grow the business over the medium-term by initially creating incremental sales outlets from our combined land bank at acquisition, and leveraging our market-leading brands and resulting development scale and capabilities, to secure a wider portfolio of attractive land opportunities using our leading position across all land sourcing channels. The ethos of Redrow is closely aligned to Barratt and David Wilson with a focus on delivering high-quality homes and excellent customer service, underpinned by creating sustainable communities where people aspire to live.

Redrow integration

In line with our plans, six divisional offices have been closed and three are in the process of closing, with operational leadership aligned from 1 July 2025. During FY26, Barratt Redrow will operate from 32 housebuilding divisions across the country with the capacity to deliver 22,000 homes per annum in the medium-term.

The integration and synergy activities across our head office functions have also progressed well during the year. The restructuring of head office teams is well-advanced and is expected to complete in Q1 FY26. We are also making good progress in rationalising head office overhead costs. The transition of the Redrow business onto Barratt systems began in April 2025 and will be completed during FY26. Finally, our procurement programme continued to gain momentum through FY25 as we moved to both harmonise buying terms and ensure the purchasing scale of Barratt Redrow is optimised, unlocking the targeted synergies.

As a result of this hard work, we had confirmed c. £69m of cost synergies at the year end and we are well on the way to achieving an upgraded cost synergy target of at least £100m. Cost synergies of £20m were crystallised within FY25 performance, ahead of our October 2024 target of c. £10m. We now anticipate around £45m of incremental cost synergies will be crystallised in FY26. Total Redrow-related reorganisation and restructuring costs are expected to be £90m to £95m with £56.8m incurred as an adjusting item in FY25 and the balance of c. £33m to £38m anticipated in FY26.

With respect to revenue synergies, we submitted 16 planning applications for incremental sales outlets from the combined Barratt Redrow land bank, and we were pleased to have already secured planning approval on 5 of these in FY25. Since the year end a further 9 planning applications have been submitted and 4 additional planning approvals secured. With progress to date, we remain confident in delivering 45 incremental sales outlet openings by the end of FY28.



Chief Executive's Statement continued

Strong fundamentals for growth

At our capital markets event in February 2025, we outlined why we believe the UK housing market has strong fundamentals for growth, and why we are the best-positioned national homebuilder to capitalise on this opportunity.

Following the acquisition of Redrow, and the strong progress we have made on integration, we have a clear strategy to leverage our position as an exceptional UK homebuilder to deliver growth and maximise shareholder returns. With our unrivalled record on quality, service and sustainability, in addition to our robust financial position and long-standing partnerships, we are well-placed to significantly increase volumes, with a clear target to deliver around 22,000 homes per year in the medium-term. We are confident that the strength of our three leading and differentiated brands, our nationwide footprint, our strong land pipeline and our deep operational experience and expertise, place us in a very strong position to deliver against this ambition. During the year, we have also taken further strategic actions to underpin our ability to deliver this volume growth, including:

- expanding our timber frame production capacity, which typically reduces build time by seven to eight weeks whilst reducing local site labour dependency;
- continuing to innovate and test new products to increase efficiency and provide resilience in the build process, such as the Mauer façade system; and
- right sizing our divisional office network, ensuring we have the right teams in the right geographic locations to meet our ambitions.

We welcomed the proposed planning reforms introduced by the new Government in the autumn of 2024. However, these reforms are not yet fully enacted and therefore their impact on improving planning outcomes in our divisional businesses has been slower than we anticipated. We remain confident in our ability to grow our sales outlet numbers to between 475 and 525 in the medium-term, which will allow us to deliver our medium-term volume guidance of 22,000 home completions per year.

Strategic priorities

As we enter this new era as Barratt Redrow, we have clear strategic priorities to deliver our goals for the business in the short, medium and long-term. These are summarised below:

Delivering a best-in-class customer offering:

- deliver excellent customer service at all stages in the home buying process, from contact through our website to after-care support when our customers have moved into their new home;
- provide a broad and customer-led choice of homes by way of brand, geographic location, style and layout design and price points; and,
- maintain the best build quality in the industry.

Driving operational efficiency through differentiated brands:

- increase the number of sales outlets we operate from and the efficiency with which we develop our land pipeline;
- deliver the cost synergies from the Redrow acquisition and further efficiencies through centralisation of our support functions; and,
- evolve the standardisation of our house types to improve both our build efficiency and the adoption and use of modern methods of construction.

Using capital effectively to drive growth:

- create new opportunities for growth through disciplined land acquisition and the development of alternative land channels;
- invest in our operations to support our sustainable growth over the medium to long-term, most notably in timber frame manufacturing; and,
- return capital to shareholders which is surplus to the Group's requirements, through an ongoing dividend based on 2.0 times dividend cover and a share buyback programme of at least £100m annually.

Leading the industry in sustainability:

- create the sustainable homes and developments that our customers and communities demand and deserve;
- ensure we remain the partner of choice for stakeholders seeking to deliver a path to sustainable growth; and,
- deliver a net zero transition plan for Barratt Redrow, following the Redrow acquisition, which recognises both the challenges and opportunities ahead.

Charitable giving and the Barratt Redrow Foundation

Core to our purpose is building strong communities, a key part of that is supporting existing communities, local charities and good causes and providing the opportunities for our employees to volunteer and raise money for causes close to their hearts.

The Barratt Foundation was launched in 2021 and on 1 July 2025 became the Barratt Redrow Foundation, expanding its charitable programmes to include our Redrow colleagues and communities. We now look forward to expanding the positive impact we can have on charities and good causes as an enlarged Group, with greater employee involvement and the opportunities for additional fundraising, volunteering and support for communities across the country.

In FY25 we donated £6.7m (FY24: £6.4m^R) through the Barratt Foundation and employee fundraising across the enlarged Group.

Responsible development

Keeping people safe

Our first priority is to keep our employees, our subcontractors and our customers safe. During FY25, our injury incidence rate, across Barratt Redrow's combined operations, decreased to 272 (FY24: 302^R) per 100,000 workers whilst we maintained our SHE audit compliance at 97% (FY24: 97%^R).

We remain focused on improving our site-based processes and procedures, challenging unsafe behaviours and building on our health and safety performance through on-site induction training and safety awareness for all personnel, while also developing our site managers' vigilance to health and safety risks on site.

Building safety

Our approach to assessing and rectifying historical building safety issues has been consistent. We take our responsibilities seriously and are working as fast as we can to assess relevant buildings, where necessary design appropriate remediation strategies and work with all relevant stakeholders – including residents, building owners, principal accountable persons, local authorities and the Building Safety Regulator – to expedite that remediation as efficiently as possible.

Through our dedicated Building Safety Unit, we ensure remediation has the appropriate focus within our business and our use of high-quality fire engineers and peer reviews of proposed solutions, as well as the diligence of our site teams, means that we have a high degree of visibility around remediation progress and expected costs.

During FY25 additional legacy property related costs were recognised. These costs related to:

- the fair value of Redrow's building safety provision, which was recognised at £184.3m at the date of acquisition and was included in the Group's interim results to 29 December 2024;



Chief Executive's Statement continued

Responsible development continued

Building safety continued

- charges relating to legacy property provisions, including revaluations, which totalled £106.2m and which, after recoveries from third parties of £15.8m and associated legal costs of £2.2m, resulted in an adjusted item charge of £92.6m; and
- new issues identified in the Redrow portfolio post-acquisition with respect to reinforced concrete frame design and construction and, after investigation, testing and quantification in the second half of FY25, a revision to the Redrow opening balance sheet fair value of £131.8m, recognised through an additional reinforced concrete frame provision of £105.2m and an adjustment to inventories of £26.6m.

We also continue, where possible, to actively seek to recover costs from third parties in respect of issues around fire safety and reinforced concrete frames. In May 2025, the Group won a landmark Supreme Court case which clarified the responsibility of companies in the supply chain for remediating defects in developments they were involved in. This ruling made it clear that all parts of the industry need to take responsibility and that developers shouldn't be penalised for proactively taking action to support leaseholders and residents in advance of litigation. In the judgement, the Supreme Court noted that we had been "pro-active in investigating, identifying and remedying building safety defects".

→ To read more about the judgement, please follow this link: supremecourt.uk/cases/uksc-2023-0110

Current trading and future outlook

While we delivered a solid trading performance during FY25, private homebuyer confidence remains fragile given the continuing affordability challenges they face, particularly around deposit requirements, and general concerns on employment, future taxation policy and mortgage rates, which remain elevated when compared to recent years, notwithstanding increased mortgage market competition and mortgage availability.

We remain encouraged by the Government's focus on housebuilding and its reforms to the planning system which, in time, should have a significant positive effect. However, to see housebuilding volumes accelerate and reach the numbers needed to tackle our housing crisis, Government needs to also address demand-side constraints on homebuyers, both institutional and private, which will ultimately drive housebuilding activity. In the meantime, it is vital that Government policy, in particular around taxation and regulation, is focused on creating a positive and stable environment for business and investment.

As planning policy reforms are implemented at a local, practical level, we are in a uniquely strong position to take advantage of any improvements in the economic environment and accelerate volume delivery through our three leading brands, and we remain confident in our medium-term ambition to deliver 22,000 high-quality homes a year.

We entered FY26 with a solid forward sales position and at 24 August 2025 we are 45% forward sold with respect to private wholly owned home completions for FY26 (25 August 2024 for

The composition of our forward sales on 24 August 2025 and the order book movement since 29 June 2025 are included in the following tables, along with the aggregated performance of Barratt and Redrow in the comparable period in 2024:

	24 August 2025		25 August 2024		Variance %	
	£m	Homes	£m	Homes	£m	Homes
Private	2,139.1	5,403	2,109.1	5,476	1.4%	(1.3%)
Affordable	806.7	4,398	759.8	4,523	6.2%	(2.8%)
Wholly owned	2,945.8	9,801	2,868.9	9,999	2.7%	(2.0%)
JV	195.1	549	151.1	399	29.1%	37.6%
Total	3,140.9	10,350	3,020.0	10,398	4.0%	(0.5%)

	Current year		Prior year ^A		Variance %	
	Private	Total ³	Private	Total ³	Private	Total ³
29 June 2025 / 30 June 2024	4,781	9,835	4,505	9,426	6.1%	4.3%
Reservations	1,716	1,750	1,903	2,074	(9.8%)	(15.6%)
Completions	(1,094)	(1,235)	(932)	(1,102)	17.4%	12.1%
24 August 2025 / 25 August 2024	5,403	10,350	5,476	10,398	(1.3%)	(0.5%)

Based on the trading year to date, with broadly stable sales rate and average sales outlets, along with private rental sector reservations expected over the year ahead, we continue to anticipate total home completions, including JVs, will be in a range of 17,200 to 17,800 in FY26, including c. 600 completions from our JVs, whilst ensuring we maintain our industry-leading standards of build quality and customer service. This also assumes a normal autumn selling season, which is our current expectation, however the extended period through to the Budget, now scheduled for 26 November 2025, and related uncertainties around general taxation and that applicable to housing, has introduced additional risk. We also currently estimate that between 40% and 45% of our completions will be delivered in the first half of FY26.

FY25: 42%^R, 45%^A), with 48% of the private order book exchanged (25 August 2024: 52%^R, 50%^A).

Our overall net private reservation rate through to 24 August 2025 has slightly reduced to 0.55 (FY24: 0.58^R, 0.56^A) due to the lack of reservations into the private rental sector and other multi-unit sales (FY25: 0.03^{R&A}). Since the start of FY26 however, our current year reservation rate, excluding PRS and other multi-unit sales, has remained resilient at 0.55, 3.8% ahead of the comparable period last year.

We are executing the integration of Redrow at pace, we have a strong balance sheet and a solid forward sales position, and we believe we are well positioned as we move forward in FY26.

David Thomas
Chief Executive
16 September 2025

Notes:

- R. Reported denotes a Barratt Developments PLC Group (Barratt Group) reported metric based on the standalone performance of the Barratt Group in the comparable reporting period.
- A. Aggregated denotes an aggregated metric based on the reported performance of the Barratt Group in the comparable reporting period 1 July 2023 to 30 June 2024 and includes the performance of the legacy Redrow plc Group (Redrow Group) from 24 August 2023 to 30 June 2024, to provide comparability on operational and financial performance.
- Redrow Group data is based on Redrow plc's standalone accounting policies and therefore excludes any impact of policy alignments made since the acquisition. Aggregated adjusted measures are also prepared and presented on the same basis.
- The aggregated value comparatives have not been audited or reviewed by Barratt Redrow plc's auditor.