

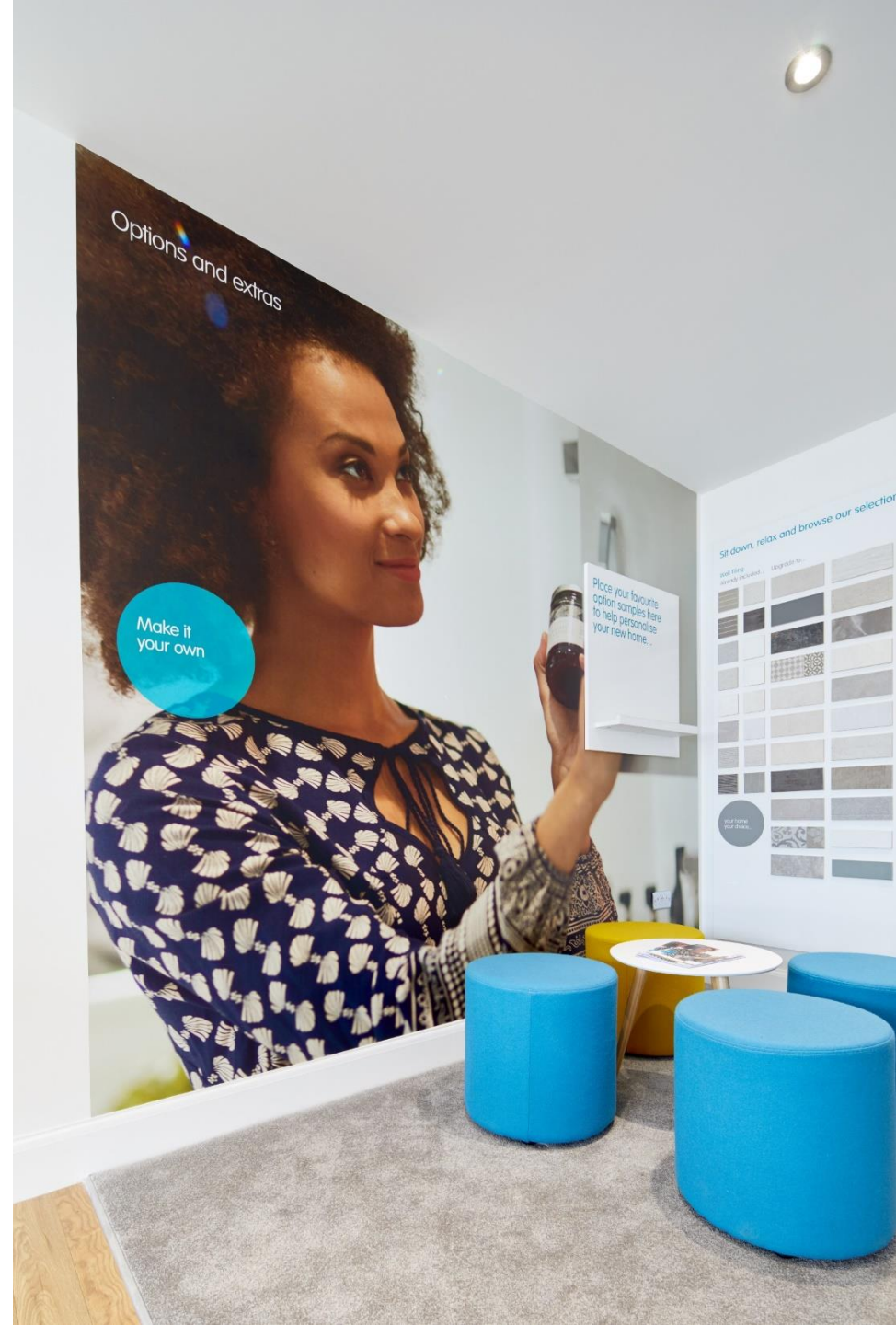
Quarterly Financial Report

For the 3 months ended
31 March 2022



Contents

- 1 Introduction
- 2 Operational and Financial Highlights
- 3 Net Debt, Liquidity and Cashflow
- 4 Capital Employed, Inventory and Landbank
- 5 Conclusion
- 6 Group Pro Forma Condensed Consolidated Financial Statements





1 Introduction

Introduction



In accordance with the reporting requirements of its offering of £815m (equivalent) Senior Secured Notes, Castle UK Finco plc (“the Group”) is pleased to present its Quarterly Financial Report for the 3 months ended 31 March 2022.

All figures presented in this report relate to the group of companies headed by the Group. The Group acquired Miller Homes Group Limited and its subsidiaries (“MHGL”) on 31 March 2022. The figures in this report contain pro forma income statement and cashflow figures. These pro forma figures represent the underlying results for MHGL and reflect the following:

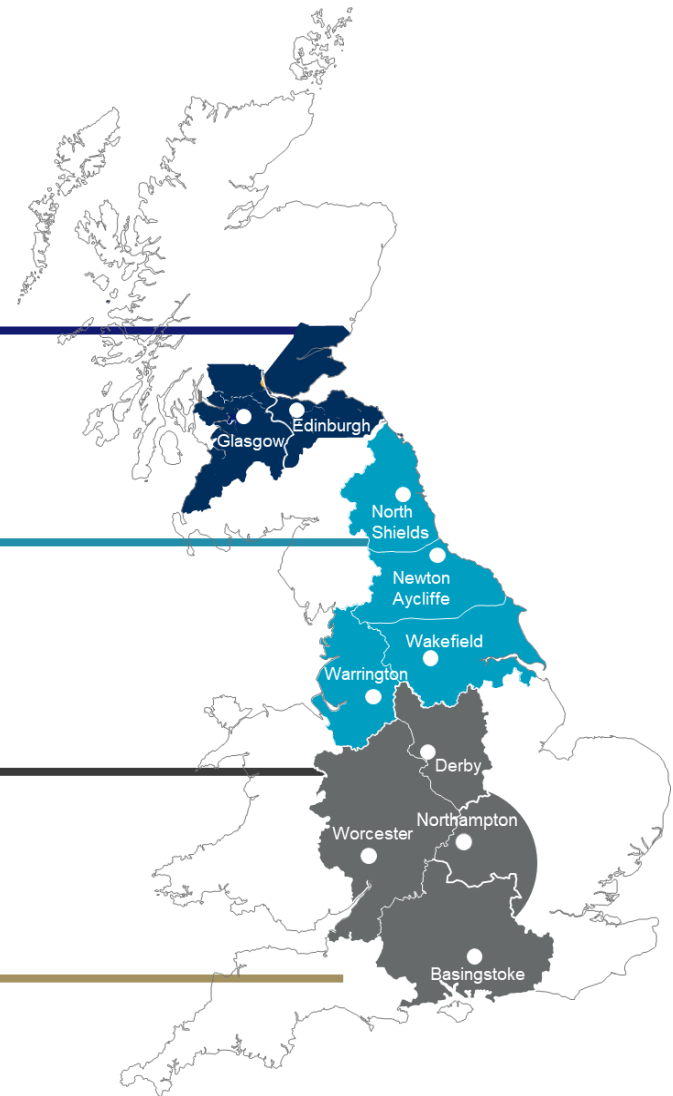
- The unaudited results for the Group for the 1 day period ending 31 March 2022;
- The exclusion of one-off transaction fees reflected in the Group’s financial records;
- The pre-acquisition results for the previous 3 month period which has been extracted from the unaudited records of MHGL; and
- The Purchase Price Accounting adjustments have still to be finalised and hence the goodwill figure stated in this report is provisional.

The figures for the 3 and 12 months to 31 March 2022 and 2021 are unaudited.

A reconciliation of the pro forma to the statutory figures is provided below for the income statement and on page 29 for the cash flow statement. The pro forma figures have been used throughout this report.

	Castle UK Finco plc 3 months ended 31 Mar 2022 £m	Transaction costs £m	MHGL 3 months ended 31 Mar 2022 £m	Pro forma 3 months ended 31 Mar 2022 £m
Revenue	-	-	253.3	253.3
Cost of sales	-	-	(190.2)	(190.2)
Gross profit	-	-	63.1	63.1
Other operating income	-	-	0.2	0.2
Administrative expenses	(17.6)	17.6	(15.5)	(15.5)
Group operating profit	(17.6)	17.6	47.8	47.8
Share of result in joint ventures	-	-	0.2	0.2
Operating profit	(17.6)	17.6	48.0	48.0
Net finance costs	-	-	(14.6)	(14.6)
Profit before taxation	(17.6)	17.6	33.4	33.4
Income taxes	-	-	(7.3)	(7.3)
Profit for the period	(17.6)	17.6	26.1	26.1

Scotland Completions*	ASP (£000)*	Consented landbank**	Active sites*
864 -3%	299 +1%	2,445 +1%	17 +3%
North Completions*	ASP (£000)*	Consented landbank**	Active sites*
1,345 -6%	246 -1%	5,713 +2%	28 +0%
Midlands & South Completions*	ASP (£000)*	Consented landbank**	Active sites*
1,555 +2%	278 -3%	6,587 -7%	24 -7%
Miller Homes Completions*	ASP (£000)*	Consented landbank**	Active sites*
3,764 -2%	271 -1%	14,745 -3%	69 -2%



* Last 12 months ending 31 March 2022. Percentage movement compared to year ending 31 December 2021.
 **As at 31 March 2022. Percentage movement compared to 31 December 2021.



2 Operational and Financial Highlights

Trading

- Continued strong performance, with gross profit higher than prior year reflecting increased underlying private and affordable average selling prices and gross margins despite a reduction in completions.

	Q1 2022	Q1 2021
Total completions	873	958
Revenue	£253.3m	£261.1m
Gross profit	£63.1m	£61.8m
Gross margin	24.9%	23.7%
Operating profit	£48.0m	£48.6m
Operating margin	18.9%	18.6%
ROCE *	33.9%	22.4%

- Private sales rate for the 3 months ending 31 March 2022 was 0.93 net reservations per site per week (Q1 2021: 0.98), 5% behind Q1 2021 but still high by historic standards.
- Continued strong trading momentum has resulted in forward sales for the next 12 months of £763m (Q1 2021: £656m), 16% higher than March 2021 and 15% higher than December 2021.
- Volumes
 - Volumes for the 3 months to 31 March 2022 were 873 core and joint venture completions. This compares to 958 completions in the same period in 2021, a decrease of 9% which was principally due to the timing of new site launches as expected.
 - Although volumes are down on prior year, this is reflective of the abnormal profile of completions in the prior year, with approximately 25% of completions achieved in each quarter in FY21. Historically, c22% of our completions occur in the first quarter and we expect to return to this phasing in the current year.
- Average Selling Price (ASP)
 - Q1 2022 ASP decreased by 5% to £264,000 (Q1 2021: £278,000) despite an increase in both our private and affordable ASP. This is reflective of an increased proportion of affordable completions which accounted for 33% of our core completions in the 3 months to 31 March 2022 (Q1 2021: 20%).

* ROCE calculated for the 12 month periods ending 31 March 2022 and 2021.

Trading *(continued)*

- Average Selling Price (ASP) *(continued)*
 - Private ASP increased to £325,000 (Q1 2021: £318,000), an increase of 2% which is lower than underlying HPI due to the combined impact of a 3% reduction in unit size in the current year period, and the geographical mix of units sold. Affordable ASP increased to £144,000 (Q1 2021: £124,000) reflecting house price inflation and a 5% increase in unit size.
- Revenue
 - Q1 2022 revenue was £253.3m (Q1 2021: £261.1m), down 3% on Q1 2021 which reflects reduced volumes and ASP, offset by increased land and other revenue generated in the current year period.
- Gross profit
 - Gross profit in the 3 months ended 31 March 2022 was £63.1m (Q1 2021: £61.8m), a 2% increase on the prior year period.
 - Gross margin was 24.9% and compares with 23.7% in Q1 2021. The improvement reflects the favourable HPI/CPI dynamic experienced over the last year and is comparable to the gross margin of 25.0% achieved in FY21.
- Administrative expenses
 - Increase in administrative expenses to £15.5m in the 3 months to 31 March 2022 (Q1 2021: £14.3m) which primarily reflects a higher headcount following the December 2021 acquisition of Walker Timber Limited. Excluding Walker Timber, overheads would have been £14.8m, an increase of 3%, primarily reflecting wage inflation.
- LTM March 2022 EBITDA is £205m (LTM March 2021: £137m), an increase of 50%, reflecting the recovery from the impact of the first COVID-19 lockdown during Q2 2020.

Land

- 4 sites (688 plots) were acquired in Q1 2022 which compared to 4 sites (1,728 plots) being acquired in Q1 2021.
- The owned landbank is 11,593 plots, a 4% decrease on the December 2021 landbank of 12,057 plots. Combined with 3,152 plots in the controlled landbank, this results in a consented landbank of 14,745 plots (Dec 2021: 15,169 plots), representing 4.0 years' supply (Dec 2021: 4.0 years), based on the last 12 months' completions.
- The strategic landbank has remained at similar levels to December 2021, with 39,168 plots (Dec 2021: 39,222 plots).
- There is a strong pipeline of land opportunities, with plans to acquire almost 7,000 plots in 2022, which compares to 5,475 plots acquired in 2021.

Cash and leverage

- Free cash flow in 3 months to 31 March 2022 was £15m (2021: £57m) driven by reduced volumes, and investment in a new joint venture. This has resulted in cash at the quarter end of £121m, and the £180m RCF remains undrawn other than an outstanding avalised promissory note of £15.6m related to deferred payments on a land acquisition that occurred in December 2021 and a working capital facility for an aggregate amount of approximately £0.43m.
- Net LTV* is 91%, based on net inventory of £762m and net debt of £694m**.
- Net leverage is 3.4x, based on LTM EBITDA (excluding exceptional items) of £205m and net debt of £694m.
- The embedded land bank value*** is £1,871m and represents 2.7x net debt.

Non-financial KPIs

- For the 10th time in 11 years we have retained our 5-star rating for customer satisfaction in the Home Builders Federation (HBF), New Home Customer Satisfaction survey. The 2020/21 survey findings highlighted that 92% of respondents would recommend Miller Homes to a friend, higher than the sector average.

* LTV: Loan to value is net debt divided by net inventory (inventory less land payables).

** Excludes the capitalisation of bond financing costs (£36.6m).

*** Embedded landbank value is the gross development value of our owned landbank less estimated remaining development costs and land payables plus the net option value of the strategic landbank.

Financial Highlights

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Revenue for the 3 months to 31 March 2022 decreased by 3.0% to £253.3m (Q1 2021: £261.1m), reflecting a 7.9% decrease in core completions and 5.0% decrease in ASP offset by an increase in land sales (£18.7m) and other revenue (£5.9m).

Gross profit for the 3 months to 31 March 2022 was £63.1m (Q1 2021: £61.8m). Gross margin in the 3 month period was 24.9% (Q1 2021: 23.7%).

Administrative expenses for the 3 months to 31 March 2021 totalled £15.5m (Q1 2021: £14.3m). The increase of £1.2m has primarily been driven by a higher wage roll, as a result of the increased headcount following the acquisition of Walker Timber in December 2021, which accounted for £0.7m of the increase.

Net finance costs in the 3 month period ended 31 March 2022 were £14.6m (Q1 2021: £12.2m). The increase primarily reflects a £5.5m charge for the early repayment of the £404m Senior Secured Fixed Rate Notes, offset by a lower shareholder loan note charge.

	3 months ended 31 Mar 2022 £m	3 months ended 31 Mar 2021 £m	% change
Revenue	253.3	261.1	(3.0)
Cost of sales	(190.2)	(199.3)	4.6
Gross profit	63.1	61.8	2.1
Other operating income	0.2	0.3	(33.3)
Administrative expenses	(15.5)	(14.3)	(8.4)
Group operating profit	47.8	47.8	-
Share of result in joint ventures	0.2	0.8	(75.0)
Operating profit	48.0	48.6	(1.2)
Net finance costs	(14.6)	(12.2)	(19.7)
Profit before taxation	33.4	36.4	(8.2)
Income taxes	(7.3)	(7.3)	-
Profit for the period	26.1	29.1	(10.3)
<i>Gross margin %</i>	24.9%	23.7%	+120bps
<i>Operating margin %</i>	18.9%	18.6%	+30bps
Profit for the period	26.1	29.1	(10.3)
Income taxes	7.3	7.3	-
Net finance costs	14.6	12.2	(19.7)
Depreciation	0.6	0.7	14.3
EBITDA	48.6	49.3	(1.4)

Financial Highlights

Analysis of revenues, completions and ASP

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Private revenue decreased by 21.2% to £185.8m (Q1 2021: £235.9m). **Affordable revenue** increased by 74.4% to £41.5m (Q1 2021: £23.8m).

Other revenue of £5.9m (Q1 2021: £nil) is revenue from the sale of timber frames by Walker Timber following its acquisition in December 2021.

Core completions decreased by 7.9% to 860 units (Q1 2021: 934 units). Private completions decreased by 23.0% to 572 units (Q1 2021: 743 units). Affordable completions increased by 50.8% to 288 units (Q1 2021: 191 units).

ASP decreased by 5.0% to £264,000 (Q1 2021: £278,000). This reflects an increased proportion of affordable completions in the period. Affordable completions accounted for 33% of our core completions in the period (Q1 2021: 20%). Private ASP increased by 2.2% to £325,000 (Q1 2021: £318,000) primarily due to house price inflation offset by a slight decrease in unit size. Affordable ASP increased by 16.1% to £144,000 (Q1 2021: £124,000) reflecting a 5% increase in the size of our affordable homes, as well as house price inflation.

	3 months ended 31 Mar 2022	3 months ended 31 Mar 2021
	£m	£m
Private revenue	185.8	235.9
Affordable revenue	41.5	23.8
Land sales	20.1	1.4
Other	5.9	-
Total revenue	253.3	261.1

	Units	Units
Private completions	572	743
Affordable completions	288	191
Core completions	860	934
Joint venture completions	13	24
Total completions	873	958

	£000	£000
Private ASP	325	318
Affordable ASP	144	124
Total ASP	264	278



3 Net Debt, Liquidity and Cashflow

Net Debt, Liquidity and Cashflow

Net cash outflow from operating activities for the 3 months ended 31 March 2022 was £2.2m (Q1 2021: £47.0m inflow), a reduction of £49.2m. The current year period includes a higher interest repayment (£15.5m) following the early repayment of the previous Senior Secured Notes. In addition, increased completions in the prior period resulted in increased cash recovery.

Net cash outflow from investing activities for the 3 months ended 31 March 2022 was £922.5m (Q1 2021: £3.7m inflow). This represents the acquisition of MHGL by the Group.

Net cash inflow from financing activities for the 3 months ended 31 March 2022 was £902.3m (Q1 2021: £100.0m outflow). This represents proceeds from the issue of share capital and the Bridge Facility, offset by the repayment of the previous Senior Secured Notes. The outflow of £100m for the 3 months ending 31 March 2021 represents the part repayment of the intercompany loan in March 2021.

	As at 31 Mar 2022
	£m
Bridge Facility/Senior Secured Notes	(815.0)
Deferred financing costs	36.6
Cash and cash equivalents	121.0
Total external net debt	(657.4)

	3 months ended 31 Mar 2022	3 months ended 31 Mar 2021
	£m	£m
Net cash flow from operating activities	(2.2)	47.0
Net cash flow from investing activities	(922.5)	3.7
Net cash flow from financing activities	902.3	(100.0)
Movement in cash and cash equivalents	(22.4)	(49.3)
Transaction costs	(17.6)	-
Cash and cash equivalents at beginning of period	161.0	242.8
Cash and cash equivalents at end of period	121.0	193.5

Net Debt, Liquidity and Cashflow



Free cash flow for the 3 months ended 31 March 2022 was £14.8m compared to an inflow of £56.8m for the 3 months ended 31 March 2021.

The decrease of £42.0m primarily reflects reduced revenue from lower volumes in the current year period, and the purchase of land in a new joint venture in our Southern region.

	3 months ended 31 Mar 2022 £m	3 months ended 31 Mar 2021 £m
EBITDA	48.6	49.3
Net land investment (in excess of)/less than cost of sales	(6.6)	4.4
Development spend (in excess of)/less than cost of sales	(7.5)	18.4
Change in working capital	(12.1)	(19.6)
Cash flows from JVs (not included in EBITDA)	(8.0)	2.9
Shared equity loan receivables	-	0.8
Other	0.4	0.6
Free cash flow*	14.8	56.8
Net land spend (included in cost of sales)	23.8	46.3
Net land investment (less than)/in excess of cost of sales	6.6	(4.4)
Total net land spend	30.4	41.9
Free cash flow pre net land spend	45.2	98.7

*Free cashflow represents the cash movement per the pro forma consolidated cashflow statement but excluding cashflows from financing activities, investing activities (other than movement in loans to joint ventures), corporation tax paid, interest paid and transaction costs.

4 Capital Employed, Inventory and Landbank

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Capital Employed, Inventory and Landbank

Capital employed is £627.5m as at 31 March 2022 (Dec 2021: £595.5m) primarily due to a higher retirement benefit asset and higher investments in joint ventures.

Return on capital employed is 33.9% compared to 22.4% for the 12 months ended 31 March 2021 as we continue to return to pre-pandemic levels.

	As at and for the 12 months ended 31 Mar 2022 £m	As at and for the 12 months ended 31 Dec 2021 £m	As at and for the 12 months ended 31 Mar 2021 £m
Net assets	510.3	496.1	407.4
Net external debt	657.4	241.4	251.0
Intercompany loan	-	-	47.9
Intangible assets *	(540.2)	(142.0)	(135.9)
Capital employed **	627.5	595.5	570.4
Operating profit (pre exceptional items) ***	203.0	203.6	133.8
ROCE (%)	33.9	34.4	22.4

* Intangible assets include a deferred tax liability on the brand value. The March 2021 intangible asset figure has been restated to reflect the deferred tax liability on brand value. At the time of this report the Purchase Price Accounting adjustments have not been finalised and hence the goodwill figure within intangible assets is provisional.

** Capital employed as at 31 March 2022 reflects the position of Castle Finco UK plc. Capital employed as at 31 December and 31 March 2021 reflects the position of Miller Homes Group Holdings plc.

*** Operating profit for the 12 months ended 31 March 2022 reflects the pro forma results of Castle Finco UK plc for the 3 months ended 31 March 2022, plus the 9 months ended 31 December 2021 for Miller Homes Group Limited.

Capital Employed, Inventory and Landbank

The Group acquired or unconditionally contracted on 4 sites (688 plots) in the 3 month period to 31 March 2022, which compares to 4 sites (1,728 plots) in the prior year period.

The owned landbank at 31 March 2022 has decreased to 11,593 plots (Gross development value: £3.4bn). All owned land which has a detailed planning permission is being developed.

The consented landbank has decreased to 14,745 plots (Dec 2021: 15,169 plots). Based on the last 12 months' core completions of 3,701 units, this represents 4.0 years' supply (Dec 2021: 4.0 years).

The strategic landbank has remained largely stable at 39,168 plots (Dec 2021: 39,222 plots).

	As at 31 Mar 2022	As at 31 Dec 2021	As at 31 Mar 2021
	£m	£m	£m
Land	549.6	569.5	476.9
Work in progress	337.0	321.6	297.4
Part exchange properties	0.4	0.3	5.7
Inventory	887.0	891.4	780.0
Land payables	(125.2)	(144.3)	(92.3)
Net inventory	761.8	747.1	687.7
	£m	£m	£m
Estimated GDV	3,375.3	3,415.2	n/a
Estimated remaining development costs	(1,634.7)	(1,657.0)	n/a
Net land payables	(120.1)	(145.8)	n/a
Residual net proceeds from owned landbank	1,620.5	1,612.4	n/a
Net option value of strategic landbank	250.1	253.8	n/a
Embedded landbank value	1,870.6	1,866.2	n/a
Landbank	Plots	Plots	Plots
Owned / unconditional	11,593	12,057	11,290
Controlled	3,152	3,112	3,510
Consented	14,745	15,169	14,800
Strategic	39,168	39,222	20,174
Total	53,913	54,391	34,974



5 Conclusion

- Our private sales rate has continued at a high level and whilst down slightly on Q1 2021, is 22% ahead of Q1 2019. Help to Buy backed sales continue to decline as anticipated and represented 9% of private reservations and compares to 15% and 36% in FY 2021 and FY 2019 respectively. Part exchange supported sales continue at historically low levels and represented less than 1% of private reservations (FY 2021: 1%, FY 2019: 17%).
- The private sales rate for the year to date is 0.87 (2021: 0.95), 8% down on the prior year. Although down on prior year, sales rates are strong when compare to pre-pandemic levels (2019: 0.72).
- The strength of the market has enabled sales incentives to be minimised which, when combined with our forward selling strategy, has benefited overall selling prices which are 6% higher on average than the prices set at the start of the year. After taking account of current levels of cost inflation, we believe that full year gross profit per home sold will be ahead of last year.
- The Walker Timber business is performing in line with expectations with the first kits being supplied to Miller in the period. The plan is to progressively increase throughput from Walker such that sales to Miller account for around three-quarters of Walker's sales in Year 3, in line with our acquisition strategy for vertical integration.
- For the 10th time in 11 years we have retained our 5-star rating for customer satisfaction in the Home Builders Federation (HBF), New Home Customer Satisfaction survey. The 2020/21 survey findings highlighted that 92% of respondents would recommend Miller Homes to a friend, higher than the sector average.



6 Group Pro Forma Condensed Consolidated Financial Statements

Pro Forma Consolidated Income Statement

for the 3 month period ended 31 March 2022



	Note	3 months ended 31 Mar 2022 £m	3 months ended 31 Mar 2021 £m
Revenue		253.3	261.1
Cost of sales		(190.2)	(199.3)
Gross profit		63.1	61.8
Other operating income		0.2	0.3
Administrative expenses		(15.5)	(14.3)
Group operating profit		47.8	47.8
Share of result in joint ventures		0.2	0.8
Operating profit		48.0	48.6
Finance costs	4	(14.7)	(12.4)
Finance income	5	0.1	0.2
Net finance costs		(14.6)	(12.2)
Profit before taxation		33.4	36.4
Income taxes		(7.3)	(7.3)
Profit for the period		26.1	29.1

The results for the 3 month period ending 31 March 2022 have been prepared on a pro forma basis. The results have been extracted from the unaudited records of Miller Homes Group Limited. A reconciliation of the Consolidated Income Statement of Castle UK Finco plc to the pro forma income statement disclosed above is shown on page 4.

The results for the 3 month periods ended 31 March 2022 and 2021 are unaudited.

Consolidated Statement of Financial Position



	Note	As at 31 Mar 2022 £m	As at 31 Dec 2021 £m	As at 31 Mar 2021 £m
Assets				
Non-current assets				
Intangible assets (incl goodwill)	6	553.7	155.5	146.2
Property, plant and equipment		6.8	6.5	1.4
Right of use assets		6.2	6.7	6.0
Investments		12.0	4.1	7.4
Shared equity loan receivables		4.6	4.6	6.2
Retirement benefit obligations		20.2	7.2	-
		603.5	184.6	167.2
Current assets				
Inventories	7	887.0	891.4	780.0
Trade and other receivables		41.1	38.0	35.6
Cash and cash equivalents		121.0	161.0	193.5
		1,049.1	1,090.4	1,009.1
Total assets		1,652.6	1,275.0	1,176.3

Consolidated Statement of Financial Position *(continued)*



	Note	As at 31 Mar 2022 £m	As at 31 Dec 2021 £m	As at 31 Mar 2021 £m
Liabilities				
Non-current liabilities				
Loans and borrowings	8	(778.4)	(402.4)	(492.4)
Trade and other payables		(42.6)	(59.0)	(31.3)
Deferred tax		(10.9)	(9.9)	(5.3)
Lease liabilities		(4.7)	(5.1)	(4.5)
Provisions and deferred income		(12.8)	(12.8)	(2.7)
		(849.4)	(489.2)	(536.2)
Current liabilities				
Trade and other payables		(291.0)	(287.8)	(231.0)
Lease liabilities		(1.9)	(1.9)	(1.7)
		(292.9)	(289.7)	(232.7)
Total liabilities		(1,142.3)	(778.9)	(768.9)
Net assets		510.3	496.1	407.4
Equity				
Share capital		527.9	151.0	151.0
Retained earnings		(17.6)	345.1	256.4
Total equity attributable to owners of the parent		510.3	496.1	407.4

The March 2022 figures represent the accounts of Castle UK Finco plc. The December 2021 and March 2021 figures represent the accounts of Miller Homes Group Holdings plc.

The December 2021 figures are audited. The March 2022 and March 2021 figures are unaudited.

Pro Forma Consolidated Cashflow Statement

for the 3 month period ended 31 March 2022



	3 months ended 31 Mar 2022	3 months ended 31 Mar 2021
	£m	£m
Cash flows from operating activities		
Profit for the period	26.1	29.1
Depreciation	0.6	0.7
Finance income	(0.1)	(0.2)
Finance cost	14.7	12.4
Share of post tax result from joint ventures	(0.2)	(0.8)
Taxation	7.3	7.3
Operating profit before changes in working capital	48.4	48.5
Working capital movements:		
Movement in trade and other receivables	(9.1)	(12.6)
Movement in inventories	2.4	27.9
Movement in trade and other payables	(19.2)	(10.7)
Cash generated from operations	22.5	53.1
Interest paid	(16.3)	(0.8)
Corporation tax paid	(8.4)	(5.3)
Net cash (outflow)/inflow from operating activities	(2.2)	47.0
Cash flows from investing activities		
Acquisition of Miller Homes Group Limited	(914.4)	-
Acquisition of property, plant and equipment	(0.4)	-
Movement in loans with joint ventures	(7.7)	3.7
Net cash (outflow)/inflow from investing activities	(922.5)	3.7
Cash flows from financing activities		
Proceeds from issue of share capital	527.9	-
Issue of Bridge Facility (net of deferred financing costs)	778.4	-
Repayment of senior secured notes	(404.0)	-
Decrease in other long term borrowings	-	(100.0)
Net cash inflow/(outflow) from financing activities	902.3	(100.0)
Movement in cash and cash equivalents	(22.4)	(49.3)
Transaction costs	(17.6)	-
Cash and cash equivalents at beginning of period	161.0	242.8
Cash and cash equivalents at end of period	121.0	193.5

1. Reconciliation of net cash flow to net debt

	3 months ended 31 Mar 2022	3 months ended 31 Mar 2021
	£m	£m
Movement in cash and cash equivalents	(22.4)	(49.3)
Issue of Bridge Facility	(778.4)	-
Repayment of Senior Secured Notes	404.0	
Decrease in other long term borrowings	-	100.0
Transaction costs	(17.6)	-
Non-cash movement*	(1.6)	(4.2)
Movement in net debt in period	(416.0)	46.5
Net debt at beginning of period	(241.4)	(345.4)
Net debt at end of period	(657.4)	(298.9)

Net debt comprises:	As at 31 Mar 2022	As at 31 Dec 2021	As at 31 Mar 2021
	£m	£m	£m
External net debt	(657.4)	(241.4)	(251.0)
Intercompany loan	-	-	(47.9)
Net debt at end of period	(657.4)	(241.4)	(298.9)

*The non-cash movement for the 3 months ended 31 March 2022 represents £1.6m (Q1 2021: £0.8m) of arrangement fee amortisation. In Q1 2021 there was also £3.4m of rolled up interest on the unsecured shareholder loan notes which have since been repaid.

2. Reporting entity

Castle UK Finco plc (the “Company”) is a Company domiciled in England and Wales. The pro forma condensed consolidated financial statements for the 3 month period ended 31 March 2022 comprise the Company and its subsidiaries (together referred to as the “Group”) and reflect the underlying trading results of Miller Homes Group Limited.

The financial statements did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006 and were given an unqualified audit opinion.

3. Accounting policies

The preparation of these pro forma condensed consolidated financial statements is based on the accounting policies set out in the audited financial statements of Miller Homes Group Limited.

4. Finance costs

	3 months ended 31 Mar 2022 £m	3 months ended 31 Mar 2021 £m
Interest payable on senior secured notes, bank loans and overdrafts	13.1	7.5
Interest payable on amounts owed to immediate parent company	-	3.4
Imputed interest on land payables on deferred terms	1.5	1.4
Imputed interest on lease liabilities	0.1	0.1
	14.7	12.4

Notes to the Condensed Consolidated Financial Statements



5. Finance income

	3 months ended 31 Mar 2022 £m	3 months ended 31 Mar 2021 £m
Interest on loans to joint ventures	-	0.1
Other	0.1	0.1
	0.1	0.2

6. Intangible assets

	As at 31 Mar 2022 £m	As at 31 Dec 2021 £m	As at 31 Mar 2021 £m
Goodwill*	499.7	101.5	92.2
Brand value	54.0	54.0	54.0
	553.7	155.5	146.2

7. Inventories

	As at 31 Mar 2022 £m	As at 31 Dec 2021 £m	As at 31 Mar 2021 £m
Land	549.6	569.5	476.9
Work in progress	337.0	321.6	297.4
Part exchange properties	0.4	0.3	5.7
	887.0	891.4	780.0

* At the time of this report the Purchase Price Accounting adjustments have not been finalised and hence the goodwill figure within intangible assets is provisional.

8. Loans and borrowings – non-current	As at 31 Mar 2022 £m	As at 31 Dec 2021 £m	As at 31 Mar 2021 £m
Bridge Facility/Senior Secured Notes	(815.0)	(404.0)	(455.0)
Deferred financing costs	36.6	1.6	10.5
Intercompany loan (unsecured)	-	-	(47.9)
	(778.4)	(402.4)	(492.4)

Senior Secured Notes: The Group acquired Miller Homes Group Limited on 31 March 2022, funded by a £815m Bridge Facility. On 29 April 2022 the Group issued £815m (equivalent) of Senior Secured Notes and repaid this Bridge Facility.

Pro Forma Consolidated Cashflow Statement

for the 3 month period ended 31 March 2022



Reconciliation of the pro forma cashflow to the unaudited financial records of Castle UK Finco PLC	Castle Finco	Transaction costs	MHGL	Pro forma 3 months ended 31 Mar 2021
	3 months ended 31 Mar 2021		3 months ended 31 Mar 2021	
	£m	£m	£m	£m
Cash flows from operating activities				
Profit for the period	(17.6)	17.6	26.1	26.1
Depreciation	-	-	0.6	0.6
Finance income	-	-	(0.1)	(0.1)
Finance cost	-	-	14.7	14.7
Share of post tax result from joint ventures	-	-	(0.2)	(0.2)
Taxation	-	-	7.3	7.3
Operating profit before changes in working capital	(17.6)	17.6	48.4	48.4
Working capital movements:				
Movement in trade and other receivables	-	-	(9.1)	(9.1)
Movement in inventories	-	-	2.4	2.4
Movement in trade and other payables	5.8	-	(25.0)	(19.2)
Cash generated from operations	(11.8)	17.6	16.7	22.5
Interest paid	-	-	(16.3)	(16.3)
Corporation tax paid	-	-	(8.4)	(8.4)
Net cash inflow from operating activities	(11.8)	17.6	(8.0)	(2.2)
Cash flows from investing activities				
Acquisition of Miller Homes Group Limited	(914.4)	-	-	(914.4)
Cash acquired with Miller Homes Group Limited	113.9	-	(113.9)	-
Acquisition of property, plant and equipment	-	-	(0.4)	(0.4)
Movement in loans with joint ventures	-	-	(7.7)	(7.7)
Net cash inflow/(outflow) from investing activities	(800.5)	-	(122.0)	(922.5)
Cash flows from financing activities				
Proceeds from issue of share capital	527.9	-	-	527.9
Issue of Bridge Facility (net of deferred financing costs)	778.4	-	-	778.4
Repayment of senior secured notes	(373.0)	-	(31.0)	(404.0)
Net cash inflow/(outflow) from financing activities	933.3	-	(31.0)	902.3
Movement in cash and cash equivalents	121.0	17.6	(161.0)	(22.4)
Transaction costs	-	(17.6)	-	(17.6)
Cash and cash equivalents at beginning of period	-	-	161.0	161.0
Cash and cash equivalents at end of period	121.0	-	-	121.0