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Quarterly Financial Report

For the 6 months ended 30 June 2023

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1 Introduction

Introduction

In accordance with the reporting requirements of its offering of £425m fixed notes and €465m floating rate notes, Miller Homes Group (Finco) plc is pleased to present its Quarterly Financial Report for the 6 months ended 30 June 2023.

All figures presented in this report relate to the group of companies headed by Miller Homes Group (Finco) plc ("the Group"). The Group acquired Miller Homes Group Limited and its subsidiaries ("MHGL") on 31 March 2022. The pro forma comparative figures in this report contain the pre-acquisition results for MHGL for the 3 month period ended 31 March 2022 together with the results of Miller Homes Group (Finco) plc for the 3 month period ended 30 June 2022.

The figures for the 6 months to 30 June 2023 are unaudited whereas the figures for the 6 months to 30 June 2022 and 12 months to 31 December 2022 have been extracted from the audited records of the Group or MHGL.

Set out below are some of the key metrics to provide an overview of the Group's three operating divisions.

	Completions*	ASP (£000)*	Consented landbank**	Active Sites*
Scotland	863	335	1,952	22
	+0%	+3%	+9%	+0%
North	1,497	269	5,642	30
	+2%	+3%	-9%	+7%
Midlands & South	1,401	275	5,360	22
	-14%	-5%	-10%	+0%
Miller Homes	3,761	285	12,954	74
	-5%	-1%	-7%	+3%

* Last 12 months ended 30 June 2023. Percentage movement compared to year ended 31 December 2022.
**As at 30 June 2023. Percentage movement compared to 31 December 2022.

2 Operational and Financial Highlights

Operational and Financial Highlights

Financial overview

- The key proforma metrics are set out below:

	H1 2023	H1 2022
Total completions	1,644	1,853
Revenue	£484.1m	£534.6m
Gross profit	£109.5m	£130.3m
Gross margin	22.6%	24.4%
Operating profit	£78.6m	£97.6m
Operating margin	16.2%	18.3%
ROCE *	30.0%	33.2%

- Operating profit decreased by 19% to £78.6m (H1 2022: £97.6m) resulting in an operating margin of 16.2% (H1 2022: 18.3%).

- The decrease in operating profit was driven by a combination of:
  - a 11% decrease in total completions to 1,644 homes (H1 2022: 1,853) which was partly due to a 20% reduction in affordable completions reflecting an abnormally high level of affordable completions in the prior year period.
  - a 7% increase in the average selling price (ASP) to £294,000 (H1 2022: £275,000) reflecting an 5% increase in private ASP and a 6% increase in affordable ASP combined with a lower proportion of affordable completions which made up 26% (H1 2022: 29%) of core completions.
  - a reduction in gross margin to 22.6% (H1 2022: 24.4%) which is primarily due to HPI/CPI.

- EBITDA is £79.9m (H1 2022: £98.8m).

* ROCE calculated for the 12 month periods ending 30 June. The comparative period ROCE has been restated to include lease liabilities in External net debt.

Operational and Financial Highlights

Trading

- Revenue
  - H1 2023 revenue was £484.1m (H1 2022: £534.6m), a decrease of 9% on H1 2022. This was largely due to core revenue derived from house sales being 6% down on the prior year period at £471.9m (H1 2022: £503.4m) reflecting a 12% decrease in core completions offset by a 7% increase in ASP. The remainder of the decrease was due to land sales (£13.9m lower) and other revenue from Walker Timber (£5.0m lower). The decline in land sales reflected an unusually high level of such sales last year and the reduction in Walker Timber revenues is due to an increasing proportion of their business being internal to the Group in line with the Group's strategy to increase its sourcing of timber kits from Walker. 77% of private completions in H1 2023 were sold with client optional upgrades (H1 2022: 90%). The average value of client options was £10,800 (H1 2022: £9,500).

- Gross profit
  - H1 2023 gross profit was £109.5m (H1 2022: £130.3m) resulting in a gross margin of 22.6% (H1 2022: 24.4%). The reduction in margin was mainly driven by HPI/CPI which resulted in gross profit per core unit completion falling to £68,300 (H1 2022: £71,300).

- Administrative expenses
  - H1 2023 administrative expenses were lower at £32.0m (H1 2022: £33.5m).

Land

- 5 sites (693 plots) were acquired in H1 2023. This compares to 11 sites (1,805 plots) being acquired in the prior year period. The year-on-year reduction reflects a more cautious approach to land buying in response to weaker market conditions seen in the last 12 months.

- The reduction in land buying activity has resulted in a fall in land payables to £78.5m (Dec 2022: £96.5m), of which £54.4m (Dec 2022: £79.3m) is payable within one year. As we return to the land market, the value of exchanged conditional contracts has increased to £37.1m (Dec 2022: £29.6m) of which £28.0m (Dec 2022: £20.9m) is likely to be payable within one year.

- The owned landbank is 9,823 plots, an 8% decrease on the December 2022 landbank of 10,724 plots. Combined with 3,131 plots in the controlled landbank (Dec 2022: 4,122 plots), this results in a consented landbank of 12,954 plots (Dec 2022: 13,914 plots), representing 3.5 years' supply (Dec 2022: 3.5 years), based on the last 12 months' completions.

- The strategic landbank has increased by 12% to 43,896 plots (Dec 2022: 39,203 plots). This increase is primarily due to new options which were entered into during the period.

Operational and Financial Highlights

Cash and leverage

- The period end cash balance was £181.2m (Mar 2023: £186.5m).
- The Group's RCF increased by £14m to £194m on 1 August 2023. The RCF remains undrawn (other than in respect of an outstanding avalised promissory note of £10m related to deferred payments on a land acquisition that occurred in December 2021 and a working capital facility for an aggregate amount of approximately £0.4m).
- H1 2023 free cash flow was a £32.9m inflow (H1 2022: £37.3m inflow) with lower EBITDA and increased development spend largely offset by reduced land spend, lower JV investment and improved working capital.
- Net LTV* is 81%, based on net inventory of £799.9m and net debt** of £644.9m and compares to 79% at 31 March 2023.
- Net leverage is 3.2x, based on LTM EBITDA (excluding exceptional items) of £200.7m and net debt** of £644.9m. This compares to the net leverage position at 31 March 2023 of 3.1x.
- Embedded land bank value*** is £1,676m (Mar 2023: £1,723m) which is 2.6x net debt** (Mar 2023: 2.7x).

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

** Excludes the capitalisation of deferred financing costs (£33.1m) – refer page 12.

*** Embedded landbank value is the gross development value of our owned landbank less estimated remaining development costs and net land payables plus the net option value of the strategic landbank for plots in the landbank at 30 June 2023 based on the June 2023 baseline for selling prices.

Financial Highlights

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Revenue for the 3 months to 30 June 2023 decreased by 5.7% to £265.3m (Q2 2022: £281.3m), reflecting a 6.0% decrease in core completions offset by a 1.4% increase in ASP.

Gross profit for the 3 months to 30 June 2023 was £58.9m (Q2 2022: £67.2m). Gross margin in the 3 month period was 22.2% (Q2 2022: 23.9%)

Administrative expenses for the 3 months to 30 June 2023 were 8.3% lower at £16.5m (Q2 2022: £18.0m).

Net finance costs in the 3 month period ended 30 June 2023 were £20.1m (Q2 2022: £17.2m). The increase primarily reflects the refinancing which took place on 31 March 2022.

	3 months ended 30 Jun 2023 £m	3 months ended 30 Jun 2022 £m	% change	6 months ended 30 Jun 2023 £m	6 months ended 30 Jun 2022 £m	% change
Revenue	265.3	281.3	(5.7)	484.1	534.6	(9.4)
Cost of sales	(206.4)	(214.1)	(3.6)	(374.6)	(404.3)	(7.3)
Gross profit	58.9	67.2	(12.4)	109.5	130.3	(16.0)
Other operating income	0.5	0.2	150.0	0.8	0.4	100.0
Administrative expenses	(16.5)	(18.0)	(8.3)	(32.0)	(33.5)	(4.5)
Group operating profit	42.9	49.4	(13.2)	78.3	97.2	(19.4)
Share of result in joint ventures	0.2	0.2	-	0.3	0.4	(25.0)
Operating profit	**43.1**	**49.6**	**(13.1)**	**78.6**	**97.6**	**(19.5)**
Net finance costs	(20.1)	(17.2)	16.9	(40.5)	(31.8)	27.4
Profit before taxation	23.0	32.4	(29.0)	38.1	65.8	(42.1)
Income taxes	(6.8)	(8.3)	(18.1)	(11.6)	(15.6)	(25.6)
Profit for the period	**16.2**	**24.1**	**(32.8)**	**26.5**	**50.2**	**(47.2)**
Gross margin %	22.2%	23.9%	-170bps	22.6%	24.4%	-180bps
Operating margin %	16.2%	17.6%	-140bps	16.2%	18.3%	-210bps
Profit for the period	16.2	24.1	(32.8)	26.5	50.2	(47.2)
Income taxes	6.8	8.3	(18.1)	11.6	15.6	(25.6)
Net finance costs	20.1	17.2	16.9	40.5	31.8	27.4
Depreciation	0.6	0.6	-	1.3	1.2	8.3
EBITDA	**43.7**	**50.2**	**(12.9)**	**79.9**	**98.8**	**(19.1)**

Financial Highlights

Analysis of revenues, completions and ASP

Private revenue for the 3 months ended 30 June 2023 decreased by 7.3% to £225.2m (Q2 2022: £243.0m), which was driven by a 9.5% decrease in completions offset by a 2.4% increase in ASP.

Affordable revenue increased by 14.2% to £37.8m (Q2 2022: £33.1m) driven by higher completions and ASP in the quarter.

There were no **Land sales** in the quarter (Q2 2022: nil).

Other revenue of £2.3m (Q2 2022: £5.2m) is revenue from the sale of timber products by Walker Timber to external customers.

Core completions fell by 6.0% to 910 units (Q2 2022: 968 units). Private completions decreased by 9.5% to 665 units (Q2 2022: 735 units). Affordable completions increased by 5.2% to 245 units (Q2 2022: 233 units).

ASP for the 3 month period increased by 1.4% to £289,000 (Q2 2022: £285,000). Private ASP increased by 2.4% to £339,000 (Q2 2022: £331,000) due to house price inflation partly offset by regional mix and a slight decrease in unit size. Affordable ASP increased by 8.5% to £154,000 (Q2 2022: £142,000). The overall increase in ASP of 1.4% is lower than the respective increases in private and affordable ASPs due to an increase in the proportion of affordable completions in the period to 27% (Q2 2022: 24%).

	3 months ended 30 Jun 2023 £m	3 months ended 30 Jun 2022 £m	6 months ended 30 Jun 2023 £m	6 months ended 30 Jun 2022 £m
Private revenue	225.2	243.0	408.7	428.8
Affordable revenue	37.8	33.1	63.1	74.6
Land sales	-	-	6.2	20.1
Other	2.3	5.2	6.1	11.1
Total revenue	**265.3**	**281.3**	**484.1**	**534.6**
	Units	**Units**	**Units**	**Units**
Private completions	665	735	1,188	1,307
Affordable completions	245	233	416	521
Core completions	**910**	**968**	**1,604**	**1,828**
Joint venture completions	23	12	40	25
Total completions	**933**	**980**	**1,644**	**1,853**
	£'000	**£'000**	**£'000**	**£'000**
Private ASP	339	331	344	328
Affordable ASP	154	142	152	143
Total ASP	**289**	**285**	**294**	**275**

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3 Net Debt, Liquidity and Cashflow

Net Debt, Liquidity and Cashflow

The floating rate notes have been translated at the quarter end exchange rate of c. 1.16 €/£. A swap contract was entered into in May 2022 at an exchange rate of c. 1.19 €/£. At the quarter end, this resulted in an asset of £6.1m and largely offsets the impact on the Senior Secured Notes of the movement in exchange rates over the period.

Net cash outflow from operating activities for the 3 months ended 30 June 2023 was £3.0m (Q2 2022: £6.5m inflow), a reversal of £9.5m.

Net cash outflow from investing activities for the 3 months ended 30 June 2023 was £1.8m (Q2 2022: £2.1m inflow).

There were cash outflows from financing activities of £0.5m in the 3 months to 30 June 2023 representing lease payments. The prior year period reflected the original issue discount on the Secured Senior Notes offset by associated transaction costs and lease payments.

	As at 30 Jun 2023 £m	As at 31 Dec 2022 £m	As at 30 Jun 2022 £m
Senior Secured Notes	(824.7)	(837.3)	(815.0)
Exchange rate swap	6.1	19.7	-
Lease liabilities	(7.5)	(8.3)	(6.2)
Cash and cash equivalents	181.2	189.8	121.3
Total external net debt	**(644.9)**	**(636.1)**	**(699.9)**
Deferred financing costs	33.1	36.3	39.3
Total external net debt	**(611.8)**	**(599.8)**	**(660.6)**

	3 months ended 30 Jun 2023 £m	3 months ended 30 Jun 2022 £m	6 months ended 30 Jun 2023 £m	6 months ended 30 Jun 2022 £m
Net cashflow from operating activities	(3.0)	6.5	(4.0)	4.8
Net cashflow from investing activities	(1.8)	2.1	(3.6)	(920.4)
Net cashflow from financing activities	(0.5)	(4.8)	(1.0)	897.0
Movement in cash and cash equivalents	(5.3)	3.8	(8.6)	(18.6)
Transaction costs	-	(3.5)	-	(21.1)
Cash and cash equivalents at beginning of period	186.5	121.0	189.8	161.0
Cash and cash equivalents at end of period	**181.2**	**121.3**	**181.2**	**121.3**

* Cashflows for the 3 and 6 month periods ended 30 June 2022 have been restated to treat lease payments as a financing activity.

Net Debt, Liquidity and Cashflow

Free cash flow for the 3 months ended 30 June 2023 was an inflow of £23.7m compared to an inflow of £22.0m in the prior year period, which represents a variance of £1.7m. The variance was driven primarily by reduced land investment offset by higher development spend, lower EBITDA and investments in JVs.

The change in working capital for the 3 month period to 30 June 2023 includes a £8.0m short term loan to the Miller pension scheme for liquidity and hedging purposes. The loan is expected to be repaid in September 2023.

As the Group has continued to maintain significant levels of cash, there are a number of available options. These include additional land purchases or shareholder distributions and the Group (or any of its subsidiaries) or affiliates of the sponsor may from time-to-time purchase Senior Secured Notes.

	3 months ended 30 Jun 2023 £m	3 months ended 30 Jun 2022 £m	6 months ended 30 Jun 2023 £m	6 months ended 30 Jun 2022 £m
EBITDA	**43.7**	**50.2**	**79.9**	**98.8**
Net land investment less than/(in excess of) cost of sales	19.4	(3.5)	28.1	(10.1)
Development spend (in excess of)/less than cost of sales	(17.1)	(9.9)	(53.3)	(17.4)
Change in working capital	(20.0)	(18.0)	(18.3)	(29.6)
Cash flows from JVs (not included in EBITDA)	(2.1)	2.0	(3.5)	(6.0)
Shared equity loan receivables	-	0.8	0.4	0.8
Other	(0.2)	0.4	(0.4)	0.8
Free cash flow*	**23.7**	**22.0**	**32.9**	**37.3**
Net land spend (included in cost of sales)	36.2	43.1	62.7	66.9
Net land investment in excess of cost of sales	(19.4)	3.5	(28.1)	10.1
Total net land spend	**16.8**	**46.6**	**34.6**	**77.0**
Free cash flow pre net land spend	**40.5**	**68.6**	**67.5**	**114.3**

* Free cashflow represents the cash movement per the 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.

** Changes in working capital for the 3 months ended 3 and 6 months ended 30 June 2022 have been restated to include lease payments.

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4 Capital Employed, Inventory and Landbank

Capital Employed, Inventory and Landbank

Capital employed is £666.6m as at 30 June 2023 (Dec 2022: £628.2m) primary due to lower trade payables and a higher net inventories balance.

Return on capital employed is 30.0% compared to 35.2% for the 12 months ended 31 December 2022.

	As at and for the 12 months ended 30 Jun 2023 £m	As at and for the 12 months ended 31 Dec 2022 £m	As at and for the 12 months ended 30 Jun 2022 £m
Net assets	563.5	537.1	530.8
External net debt	611.8	599.8	660.6
Intangible assets *	(508.7)	(508.7)	(540.2)
Capital employed	666.6	628.2	651.2
Operating profit (pre exceptional items) **	197.6	216.6	203.3
ROCE (%)	**30.0%**	**35.2%**	**33.2%**

* Intangible assets at 30 June 2023 and 31 December 2022 including a deferred tax liability on the brand value of £43.0m (30 June 2022: £13.5m).

** Operating profit (pre exceptional items) for the twelve months ended 30 June 2023 and 31 December 2022 excludes exceptional items of £54.4m (12 months ended 30 June 2022: £10.9m).

Capital Employed, Inventory and Landbank

The Group acquired 5 sites (693 plots) in the 6 months ended 30 June 2023, which compares to 11 sites (1,805 plots) in the prior year period.

Net inventory increased by £27.5m largely due to higher work in progress which reflects higher infrastructure costs on several sites and an increase in units under construction as we look to make some refinements to our customer journey process. Land payables are lower as result of the ongoing cautious approach to landbuying.

The owned landbank at 30 June 2023 has decreased to 9,823 plots (Gross development value: £2.9bn). All owned land which has a detailed planning permission is being developed.

The consented landbank has decreased to 12,954 plots (Dec 2022: 13,914 plots). Based on the last 12 months' core completions of 3,697 this represents 3.5 years' supply (Dec 2022: 3.5 years).

	As at 30 Jun 2023	As at 31 Dec 2022	As at 30 Jun 2022
Net inventory	£m	£m	£m
Land	459.8	502.7	547.6
Work in progress	414.1	363.0	355.2
Part exchange properties	4.5	3.2	0.6
Inventory	**878.4**	**868.9**	**903.4**
Land payables	(78.5)	(96.5)	(128.9)
Net inventory	**799.9**	**772.4**	**774.5**
Embedded landbank value*	£m	£m	£m
Estimated GDV	2,942.1	3,194.7	3,462.2
Estimated remaining development costs	(1,421.9)	(1,580.3)	(1,695.0)
Net land payables	(80.9)	(92.7)	(115.0)
Net proceeds from owned landbank	**1,439.3**	**1,521.7**	**1,652.2**
Net option value of strategic landbank	236.7	208.8	248.6
Total	**1,676.0**	**1,730.5**	**1,900.8**
Landbank	Plots	Plots	Plots
Owned / unconditional	9,823	10,724	11,742
Controlled	3,131	3,190	3,447
Consented	**12,954**	**13,914**	**15,189**
Strategic	43,896	39,203	39,416
Total	**56,850**	**53,117**	**54,605**

* Embedded landbank value is the gross development value of our owned landbank less estimated remaining development costs and net land payables plus the net option value of the strategic landbank for plots in the landbank at 30 June 2023 based on the June 2023 baseline for selling prices.

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5 Trading Update

Trading Update

- Our latest year-to-date private sales rate is 0.60. This has meant that our year-to-date private sales rate is now 16% down on the pre-pandemic average of 2018 and 2019 which compares to 13% at the end of May. Against last year, our sales rate is 24% lower, an improvement on the 28% decline at the last reporting date at the end of May.

- We entered the year with a 2023 forward sales position of £481m on 1,782 core and joint venture homes. This has now grown to £972m and 3,360 homes (and includes £31m of revenue on 107 homes sold under joint venture). Of the £972m sales value, £569m relates to homes which have already completed in the year and a further £265m is on homes where contracts have been exchanged.

- We are continuing to experience a deal-led sales market which is still resulting in stable selling prices after accounting for incentives. Levels of part exchange usage has increased but is still low with less than 5% of current year reservations being assisted with this incentive and compares to our historic average of c15%. Interest levels and conversion rates have remained strong during the summer period despite the increase in mortgage rates.

- Good progress is being made with respect to our supply chain cost mitigation strategy and we are now seeing reductions in certain areas. We have a good level of visibility on our full year target of 3% overall cost inflation across all areas of our supply chain.

- We remain active in the land market but at the same time are continuing to adopt a selective approach. As ever, our annual net land spend figure will be dependent upon a variety of factors, in particular the timing of planning consents and land price negotiations. Taking these items into account as well as monitoring wider market conditions, provides a range for full year net land spend of £150m to £200m which in turn would see an increase in the owned landbank to between 12,000 to 13,000 plots.

- In relation to full year 2023 volumes, we have narrowed previous guidance provided to 3,350 - 3,500 units which assumes a full year private sales rate of circa. 0.55.

6 Group Pro Forma Condensed Consolidated Financial Statements

Pro Forma Consolidated Income Statement

for the 3 and 6 month periods ended 30 June 2023

	Note	3 months ended 30 Jun 2023 £m	3 months ended 30 Jun 2022 £m	6 months ended 30 Jun 2023 £m	6 months ended 30 Jun 2022 £m
Revenue		**265.3**	**281.3**	**484.1**	**534.6**
Cost of sales		(206.4)	(214.1)	(374.6)	(404.3)
Gross profit		**58.9**	**67.2**	**109.5**	**130.3**
Other operating income		0.5	0.2	0.8	0.4
Administrative expenses		(16.5)	(18.0)	(32.0)	(33.5)
Group operating profit		**42.9**	**49.4**	**78.3**	**97.2**
Share of result in joint ventures		0.2	0.2	0.3	0.4
Operating profit		**43.1**	**49.6**	**78.6**	**97.6**
Finance costs	*4*	(21.7)	(17.4)	(43.0)	(32.1)
Finance income	*5*	1.6	0.2	2.5	0.3
Net finance costs		(20.1)	(17.2)	(40.5)	(31.8)
Profit before taxation		**23.0**	**32.4**	**38.1**	**65.8**
Income taxes		(6.8)	(8.3)	(11.6)	(15.6)
Profit for the period		**16.2**	**24.1**	**26.5**	**50.2**

The result for the 6 month period ended 30 June 2022 was prepared on a pro forma basis as described on page 4.

Consolidated Statement of Financial Position

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	Note	As at 30 Jun 2023 £m	As at 31 Dec 2022 £m	As at 30 Jun 2022 £m
Assets				
Non-current assets				
Intangible assets (incl goodwill)	*6*	551.7	551.7	553.7
Property, plant and equipment		8.0	7.9	6.7
Right of use assets		6.9	7.9	5.8
Investment in joint ventures		15.9	12.4	10.1
Shared equity loan receivables		3.1	3.5	3.8
Exchange rate swap		6.1	19.7	-
Retirement benefit obligations		8.2	8.2	20.2
		599.9	**611.3**	**600.3**
Current assets				
Inventories	*7*	878.4	868.9	903.4
Trade and other receivables		43.5	39.5	58.5
Cash and cash equivalents		181.2	189.8	121.3
		1,103.1	**1,098.2**	**1,083.2**
Total assets		**1,703.0**	**1,709.5**	**1,683.5**

Consolidated Statement of Financial Position *(continued)*

	Note	As at 30 Jun 2023 £m	As at 31 Dec 2022 £m	As at 30 Jun 2022 £m
Liabilities				
Non-current liabilities				
Loans and borrowings	*8*	(791.6)	(801.0)	(775.7)
Trade and other payables		(24.2)	(17.2)	(47.2)
Deferred tax		(34.3)	(34.3)	(11.7)
Lease liabilities		(5.0)	(5.8)	(4.3)
Provisions and deferred income		(32.4)	(33.1)	(12.3)
		(887.5)	**(891.4)**	**(851.2)**
Current liabilities				
Trade and other payables		(249.5)	(278.5)	(299.6)
Lease liabilities		(2.5)	(2.5)	(1.9)
		(252.0)	**(281.0)**	**(301.5)**
Total liabilities		**(1,139.5)**	**(1,172.4)**	**(1,152.7)**
Net assets		**563.5**	**537.1**	**530.8**
Equity				
Share capital		527.9	527.9	527.9
Retained earnings		35.6	9.2	2.9
Total equity attributable to owners of the parent		**563.5**	**537.1**	**530.8**

The December 2022 figures represent the audited accounts of Miller Homes Group (Finco) plc.

The June 2023 and June 2022 figures are unaudited.

Consolidated Cashflow Statement

for the 3 and 6 month periods ended 30 June 2023

	3 months ended 30 Jun 2023 £m	3 months ended 30 Jun 2022 £m	6 months ended 30 Jun 2023 £m	6 months ended 30 Jun 2022 £m
Cash flows from operating activities				
Profit for the period	16.1	24.1	26.4	50.2
Depreciation	0.6	0.6	1.3	1.2
Finance income	(1.6)	(0.2)	(2.5)	(0.3)
Finance cost	21.7	17.4	43.0	32.1
Share of post tax result from joint ventures	(0.2)	(0.2)	(0.3)	(0.4)
Taxation	6.8	8.3	11.6	15.6
	43.4	50.0	79.5	98.4
Working capital movements:				
Movement in trade and other receivables	(11.1)	(16.7)	(3.6)	(25.8)
Movement in inventories	2.2	(17.8)	(12.8)	(15.4)
Movement in trade and other payables	(9.0)	4.3	(27.0)	(14.4)
Cash generated from operations	25.5	19.8	36.1	42.8
Interest paid	(23.3)	(5.3)	(32.6)	(21.6)
Corporation tax paid	(5.2)	(8.0)	(7.5)	(16.4)
Net cashflow from operating activities	**(3.0)**	**6.5**	**(4.0)**	**4.8**
Cash flows from investing activities				
Acquisition of Miller Homes Group Limited	-	-	-	(914.4)
Acquisition of property, plant and equipment	-	(0.1)	(0.4)	(0.5)
Movement in loans with joint ventures	(1.8)	2.2	(3.2)	(5.5)
Net cashflow from investing activities	**(1.8)**	**2.1**	**(3.6)**	**(920.4)**
Cash flows from financing activities				
Proceeds from issue of share capital	-	-	-	527.9
Proceeds from issue of senior secured notes (net of Deferred financing costs of £36.6m)	-	(4.3)	-	774.1
Lease payments	(0.5)	(0.5)	(1.0)	(1.0)
Repayment of senior secured notes	-	-	-	(404.0)
Net cashflow from financing activities	**(0.5)**	**(4.8)**	**(1.0)**	**897.0**
Movement in cash and cash equivalents	(5.3)	3.8	(8.6)	(18.6)
Transaction costs	-	(3.5)	-	(21.1)
Cash and cash equivalents at beginning of period	186.5	121.0	189.8	161.0
Cash and cash equivalents at end of period	**181.2**	**121.3**	**181.2**	**121.3**

Notes to the Condensed Consolidated Financial Statements

1. Reconciliation of net cash flow to net debt	3 months ended 30 Jun 2023 £m	3 months ended 30 Jun 2022 £m	6 months ended 30 Jun 2023 £m	6 months ended 30 Jun 2022 £m
Movement in cash and cash equivalents	(5.3)	3.8	(8.6)	(18.6)
Issue of Senior Secured Notes (net of arrangement fees)	-	4.3	-	(774.1)
Repayment of Senior Secured Notes	-	-	-	404.0
Decrease in intercompany loan classed as debt	-	-	-	-
Transaction costs	-	(3.5)	-	(21.1)
Movement in Lease Liabilities	(0.1)	0.4	1.0	0.8
Non-cash movement*	(1.4)	(1.6)	(4.4)	(3.2)
Movement in external net debt in period	(6.8)	3.4	(12.0)	(412.2)
External net debt at beginning of period	(605.0)	(664.0)	(599.8)	(248.4)
External net debt at end of period	**(611.8)**	**(660.6)**	**(611.8)**	**(660.6)**

External net debt comprises:	As at 30 Jun 2023 £m	As at 30 Jun 2022 £m
Senior Secured Notes	(824.7)	(815.0)
Exchange rate swap	6.1	-
Cash and cash equivalents	181.2	121.3
Lease liabilities	(7.5)	(6.2)
Deferred financing costs	33.1	39.3
External net debt at end of period	**(611.8)**	**(660.6)**

* The non-cash movement for the 3 months ended 30 June 2023 represents £10.0m (Q2 2022: nil) unrealised loss on exchange rate swap offset by a £9.7m unrealised gain on FX translation of the Senior Secured Notes (Q2 2022: nil), £1.6m (Q2 2022: £1.6m) of arrangement fee amortisation and £0.5m lease liability interest.

** Lease liabilities were reclassified to external net debt as of 31 December 2022. Prior period comparatives have been recalculated accordingly.

2. Reporting entity

Miller Homes Group (Finco) plc (the "Company") is a Company domiciled in England and Wales. The condensed consolidated financial statements for the 6 month ended 30 June 2023 comprise the Company and its subsidiaries (together referred to as the "Group") and reflect the underlying trading results of Miller Homes Group Limited.

The Company's statutory financial statements for the period ended 31 December 2022 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 (Finco) plc.

4. Finance costs

	3 months ended 30 Jun 2023 £m	3 months ended 30 Jun 2022 £m	6 months ended 30 Jun 2023 £m	6 months ended 30 Jun 2022 £m
Interest payable on senior secured notes, bank loans and overdrafts	19.8	15.8	38.8	28.9
Net foreign exchange loss	0.3	-	1.0	-
Imputed interest on land payables on deferred terms	1.5	1.5	3.0	3.0
Imputed interest on lease liabilities	0.1	0.1	0.2	0.2
	21.7	**17.4**	**43.0**	**32.1**

5. Finance income

	3 months ended 30 Jun 2023 £m	3 months ended 30 Jun 2022 £m	6 months ended 30 Jun 2023 £m	6 months ended 30 Jun 2022 £m
Interest on loans to joint ventures	0.2	0.1	0.3	0.1
Other	1.4	0.1	2.2	0.2
	1.6	**0.2**	**2.5**	**0.3**

6. Intangible assets	As at 30 Jun 2023 £m	As at 31 Dec 2022 £m	As at 30 Jun 2022 £m
Goodwill	379.7	379.7	499.7
Brand value	172.0	172.0	54.0
	551.7	**551.7**	**553.7**

7. Inventories	As at 30 Jun 2023 £m	As at 31 Dec 2022 £m	As at 30 Jun 2022 £m
Land	459.8	502.7	547.6
Work in progress	414.1	363.0	355.2
Part exchange properties	4.5	3.2	0.6
	878.4	**868.9**	**903.4**

8. Loans and borrowings – non-current	As at 30 Jun 2023 £m	As at 31 Dec 2022 £m	As at 30 Jun 2022 £m
Senior Secured Notes	(824.7)	(837.3)	(815.0)
Deferred financing costs	33.1	36.3	39.3
	(791.6)	**(801.0)**	**(775.7)**

Senior Secured Notes: The Group acquired Miller Homes Group Limited on 31 March 2022, funded by a £815m Bridge Facility. Then, on 9 May 2022 the Group issued £425m fixed rate notes and €465m floating rate notes and repaid this Bridge Facility.

The floating rate notes have been translated at the quarter end exchange rate, giving rise to a sterling equivalent balance for the combined Senior Secured Notes of £824.7m (Dec 2022: £837.3m). As previously noted, the Group has swap contracts to hedge the currency element of the floating rate notes, which gave rise to a £6.1m (Dec 2022: £19.7m) exchange rate swap asset at the quarter end.