Quarterly Financial Report

For the 3 and 12 months ended
31 December 2023

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1 Introduction

Introduction

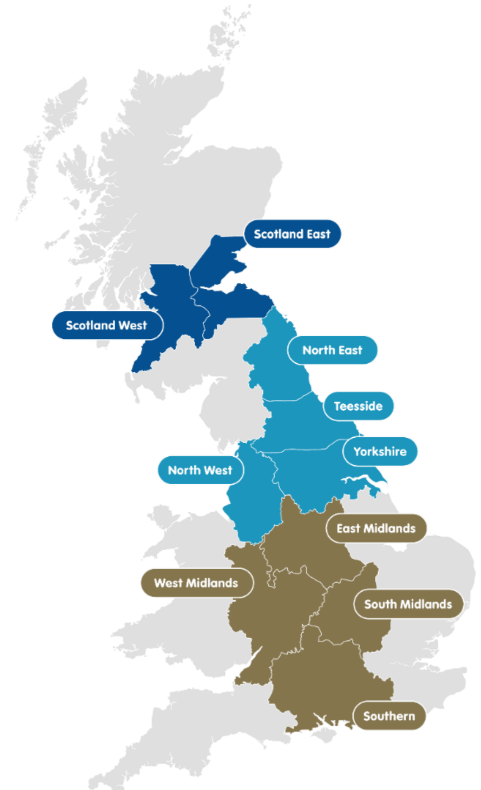
In accordance with the reporting requirements of its offering of £425m fixed rate notes and €465m floating rate notes, Miller Homes Group (Finco) plc is pleased to present its Quarterly Financial Report for the 3 and 12 months ended 31 December 2023.

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 9 month period ended 31 December 2022, excluding exceptional items and fair value adjustments on acquisition.

The figures for the year to 31 December 2023 are audited and the figures for the year to 31 December 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	706	319	2,045	19
	-18%	-2%	+14%	-14%
North	1,495	281	6,276	31
	+1%	+8%	+2%	+11%
Midlands & South	1,384	280	5,739	24
	-15%	-3%	-3%	+9%
Miller Homes	3,585	288	14,060	74
	-10%	+1%	+1%	+3%



* Last 12 months ended 31 December 2023. Percentage movement compared to year ended 31 December 2022. Includes Core and JV units.
** Last 12 months ended 31 December 2023. Percentage movement compared to year ended 31 December 2022. Core units only.
*** As at 31 December 2023. Percentage movement compared to 31 December 2022.

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2 Operational and Financial Highlights

Operational and Financial Highlights

Financial overview

- The key proforma metrics are set out below:

	2023	2022
Total completions	3,585	3,970
Revenue	£1,015.9m	£1,169.0m
Gross profit *	£223.5m	£282.5m
Gross margin	22.0%	24.2%
Operating profit *	£157.1m	£216.6m
Operating margin	15.5%	18.6%
ROCE **	24.0%	35.4%

- Operating profit for the year ended 31 December 2023 decreased by 27.5% to £157.1m (2022: £216.6m) resulting in an operating margin of 15.5% (2022: 18.5%) and is stated before an exceptional fire safety charge of £11.3m (2022: £20.6m).

- The decrease in operating profit was driven by a combination of:
  - a 10% decrease in total completions to 3,585 homes (2022: 3,970) which was due to a 16% reduction in private completions, 14% decrease in affordable completions and a 40% increase in partnership completions.
  - a reduction in gross margin to 22.0% (2022: 24.2%) primarily reflecting the impact of cost inflation. Whilst ASP was slightly higher, this is a function of regional sales mix rather than price inflation.

  Offset by;
  - an increase in the average selling price (ASP) to £288,000 (2022: £286,000) reflecting a 1% increase in private ASP, a 12% increase in affordable ASP and a 13% increase in partnership ASP.

- EBITDA* is £160.8m (2022: £219.7m).

- The year's exceptional fire safety charge of £11.3m (2022: £20.6m) reflects the identification of additional legacy properties potentially requiring remedial works, most of which related to the emergence of legacy properties built by entities that we subsequently acquired. At the end of 2023, we have an overall provision of £41.1m.

* Gross profit, Operating profit and EBITDA are shown on a proforma basis and exclude exceptional items of £11.3m (2022: £20.6m), £11.3m (2022: £41.7m) and £11.3m (2022: £41.7m) respectively.

** ROCE calculated for the 12 month period ending 31 December 2022 is based on proforma operating profit.

Operational and Financial Highlights

Trading

- Revenue
  - Revenue for the year ended 31 December 2023 was £1,015.9m (2022: £1,169.0m), a decrease of 13%. This was largely due to core revenue derived from house sales being 11% down on the prior year period at £1,000.0m (2022: £1,123.3m) reflecting a 11% decrease in core completions with ASP largely unchanged. The reduction in other revenue reflected lower land-sale activity with revenue of £6.2m (2022: £26.3m), and declining external revenue from Walker Timber of £9.7m (2022: £19.4m) as supplies internally increase.
  - 78% of private completions in the year ended 31 December 2023 were sold with client optional upgrades (2022: 90%). The average value of client options was £10,700 (2022: £10,200).

- Gross profit
  - Gross profit for the year ended 31 December 2023 was £223.5m (2022: £282.5m) resulting in a gross margin of 22.0% (2022: 24.2%). The reduction in margin was mainly driven by the regional sales mix and the impact of HPI/CPI, resulting in gross profit per core unit completion falling to £64,300 (2022: £72,000).

- Administrative expenses
  - Administrative expenses increased marginally to £69.0m (2022: £67.5m). This largely reflected an increase in staff costs, which was a function of salary inflation. As a percentage of revenue, administrative expenses have increased to 6.8% (2022: 5.8%).

Land

- 8 sites (1,565 plots) were acquired in Q4, bringing us to 17 sites (3,222 plots) for the year ended 31 December 2023. This compares to 19 sites (3,008 plots) acquired in the prior year. Net land spend was £142.6m (2022: £126.4m), which reflects £85.9m (2022: £88.2m) on new site acquisitions and £56.7m (2022: £38.2m) on the deferred element of prior year deals.

- Land payables have dropped to £88.3m (Dec 2022: £96.5m), of which £49.3m (Dec 2022: £79.3m) is payable within one year. The value of exchanged conditional contracts has increased to £30.1m (Dec 2022: £29.6m) of which £12.3m (Dec 2022: £20.9m) is likely to be payable within one year.

- The owned landbank is 10,483 plots, a 2% decrease on the December 2022 landbank of 10,724 plots. Combined with 3,577 plots in the controlled landbank (Dec 2022: 3,190 plots), this results in a consented landbank of 14,060 plots (Dec 2022: 13,914 plots), representing 4.0 years' supply (Dec 2022: 3.5 years), based on the last 12 months' completions.

- The strategic landbank has increased by 10% to 43,293 plots (Dec 2022: 39,203 plots). This increase is primarily due to new options which were entered into during the period offset by strategic land acquired into the owned landbank through exercise of options.

Operational and financial highlights

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Cash and leverage

- The year end cash balance was £194.2m (Sep 2023: £183.4m) and compares to £189.8m at the end of 2022.
- The Group has a RCF facility of £194m (2022: £180m) which is committed until September 2027. There are no cash drawings on the RCF at the year end, with only £0.4m of ancillary facilities utilised.
- Free cash flow for the year to 31 December 2023 was a £92.5m inflow (2022: £151.6m inflow) with lower EBITDA, higher development spend and higher net land investment offset by lower cash outflows from JVs and improved working capital.
- Net LTV* is 78%, based on net inventory of £808.1m and net debt** of £631.8m and is unchanged from 30 September 2023.
- Net leverage is 3.9x, based on LTM EBITDA (excluding exceptional items) of £160.8m and net debt** of £631.8m. This compares to the net leverage position at 30 September 2023 of 3.4x.
- Embedded land bank value*** is £1,719m (Sep 2023: £1,664m) which is 2.7x net debt** (Sep 2023: 2.6x).

Forward sales

- As at 31 December 2023, forward sales for the next 12 months is £437m (2022: £481m). Forward sales continue to be high when compared to pre-pandemic levels, with the current position being 33% ahead of 2019 (£328m). The latest position is set out in the Trading Update section on page 18.

* LTV: Loan to value is net debt divided by net inventory (inventory less land payables).
** Excludes the capitalisation of deferred financing costs (£30.2m) – 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 31 December 2023 based on the December 2023 baseline for selling prices.

Financial Highlights

Revenue for the 3 months to 31 December 2023 decreased by 20.4% to £291.2m (Q4 2022: £365.7m), mainly reflecting a 17.0% decrease in core completions and a 3.7% decline in core ASP, which in part is due to a lower proportion of private completions in the period (65%) compared to the same period last year (75%).

Gross profit for the 3 months to 31 December 2023 was £61.1m (Q4 2022: £87.8m). Gross margin in the 3 month period was 21.0% (Q4 2022: 24.0%).

Administrative expenses for the 3 months to 31 December 2023 were 12.4% higher at £19.0m (Q4 2022: £16.9m) reflecting higher staff incentive costs.

Net finance costs in the 3 month period ended 31 December 2023 were £20.7m (Q4 2022: £22.1m) reflecting higher credit interest on bank deposits and lower land creditor interest offset by an imputed interest charge on the fire safety provision.

	3 months ended 31 Dec 2023 £m	3 months ended 31 Dec 2022 £m	% change	12 months ended 31 Dec 2023 £m	12 months ended 31 Dec 2022 £m	% change
Revenue	291.2	365.7	(20.4)	1,015.9	1,169.0	(13.1)
Cost of sales	(230.1)	(277.9)	17.2	(792.4)	(886.5)	10.6
Gross profit	61.1	87.8	(30.4)	223.5	282.5	(20.9)
Administrative expenses	(19.0)	(16.9)	12.4	(69.0)	(67.5)	2.2
Other operating income	0.3	0.3	-	1.4	1.1	(27.3)
Group operating profit	42.4	71.2	(40.4)	155.9	216.1	(27.9)
Share of result in joint ventures	0.6	0.2	200.0	1.2	0.5	140.0
Operating profit	**43.0**	**71.4**	**(39.8)**	**157.1**	**216.6**	**(27.5)**
Net finance costs	(20.7)	(22.1)	6.3	(80.1)	(72.3)	(10.8)
Profit before taxation	22.3	49.3	(54.8)	77.0	144.3	(46.6)
Income taxes	(7.6)	(11.7)	35.0	(24.2)	(33.8)	28.4
Profit for the period	**14.7**	**37.6**	**(60.9)**	**52.8**	**110.5**	**(52.2)**
Gross margin %	21.0%	24.0%	-300 bps	22.0%	24.2%	2200 bps
Operating margin %	14.8%	19.5%	-470 bps	15.5%	18.5%	1550 bps
Profit for the period	14.7	37.6	(60.9)	52.8	110.5	(52.2)
Income taxes	7.6	11.7	35.0	24.2	33.8	28.4
Net finance costs	20.7	22.1	6.3	80.1	72.3	(10.8)
Depreciation	1.7	1.1	(54.5)	3.7	3.1	(19.4)
EBITDA	**44.7**	**72.5**	**(38.3)**	**160.8**	**219.7**	**(26.8)**

* The proforma results for the 3 and 12 months ended 31 December 2023 exclude exceptional items of £11.3m (2022: £41.7m).

Financial Highlights

Analysis of revenues, completions and ASP

Private revenue for the 3 months ended 31 December 2023 decreased by 28.3% to £228.0m (Q4 2022: £318.0m), which was driven by a 27.7% decrease in completions offset by a slight increase (0.6%) in ASP.

Affordable revenue increased by 9.4% to £36.1m (Q4 2022: £33.0m) driven by 20.8% increase in ASP in the quarter offset by a 9.6% decrease in completions.

Partnership revenue increased by 130.6% to £25.6m (Q4 2022: £11.1m) driven by an 93.1% increase in completions along with a 19.7% increase in ASP in the quarter.

Core completions fell by 17.0% to 1,006 units (Q4 2022: 1,212 units). Private completions decreased by 27.7% to 658 units (Q4 2022: 910 units). Affordable completions decreased by 9.6% to 207 units (Q4 2022: 229 units). Partnership completions doubled to 141 units (Q4 2022: 73 units).

The total ASP for the 3 month period decreased by 3.7% to £288,000 (Q4 2022: £299,000) reflecting a decrease in the private ASP and a decrease in the proportion of private completions in the period to 65% (Q4 2022: 75%).
Private ASP decreased by 0.6% to £347,000 (Q4 2022: £349,000) due to a greater proportion of completions in the North division where ASPs are lower than other areas. Affordable ASP increased by 20.8% to £174,000 (Q4 2022: £144,000).

	3 months ended 31 Dec 2023 £m	3 months ended 31 Dec 2022 £m	12 months ended 31 Dec 2023 £m	12 months ended 31 Dec 2022 £m
Private revenue	228.0	318.0	830.1	974.8
Affordable revenue*	36.1	33.0	101.9	105.8
Partnership revenue	25.6	11.1	68.0	42.7
Land sales	-	-	6.2	26.3
Other	1.5	3.6	9.7	19.4
Total revenue	**291.2**	**365.7**	**1,015.9**	**1,169.0**
	Units	**Units**	**Units**	**Units**
Private completions	658	910	2,432	2,887
Affordable completions*	207	229	646	751
Partnership completions	141	73	397	283
Core completions	**1,006**	**1,212**	**3,475**	**3,921**
Joint venture completions	40	18	110	49
Total completions	**1,046**	**1,230**	**3,585**	**3,970**
	£'000	**£'000**	**£'000**	**£'000**
Private ASP	347	349	341	338
Affordable ASP	174	144	158	141
Partnership ASP	182	152	171	151
Total ASP	**288**	**299**	**288**	**286**

* Affordable revenue and completions as previously reported for the 3 and 12 month periods ended 31 December 2022 are now disaggregated into Affordable and Partnership revenue streams for comparison purposes.

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. 1.15 €/£. 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 £10.1m and largely offsets the impact on the Senior Secured Notes of the movement in exchange rates over the period.

Net cash inflow from operating activities for the 3 months ended 31 December 2023 was £6.6m (Q4 2022: £90.9m inflow), a variance of £84.3m. This was mainly driven by lower core turnover (£72.4m) and higher land spend (£38.7m) offset by lower development spend (£32.4m).

Net cash inflow from investing activities for the 3 months ended 31 December 2023 was £5.8m (Q4 2022: £0.8m outflow) reflecting cash repatriations from joint ventures.

Net cash outflow from financing activities was £1.6m in the 3 months to 31 December 2023 (Q4 2022: £1.0m outflow).

	As at 31 Dec 2023 £m	As at 31 Dec 2022 £m
Senior Secured Notes	(828.5)	(837.3)
Exchange rate swap	10.1	19.7
Lease liabilities	(7.6)	(8.3)
Cash and cash equivalents	194.2	189.8
Total external net debt	**(631.8)**	**(636.1)**
Deferred financing costs	30.2	36.3
Total external net debt	**(601.6)**	**(599.8)**

	3 months ended 31 Dec 2023 £m	3 months ended 31 Dec 2022 £m	12 months ended 31 Dec 2023 £m	12 months ended 31 Dec 2022 £m
Net cashflow from operating activities	6.6	90.9	7.6	78.7
Net cashflow from investing activities	5.8	(0.8)	0.3	(924.3)
Net cashflow from financing activities	(1.6)	(1.0)	(3.5)	895.5
Movement in cash and cash equivalents	10.8	89.1	4.4	49.9
Transaction costs	-	-	-	(21.1)
Cash and cash equivalents at beginning of period	183.4	100.7	189.8	161.0
Cash and cash equivalents at end of period	**194.2**	**189.8**	**194.2**	**189.8**

Net Debt, Liquidity and Cashflow

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Free cash flow for the 3 months ended 31 December 2023 was an inflow of £42.9m compared to an inflow of £119.4m in the prior year period, which represents a variance of £76.5m. The variance was driven primarily by higher net land investment and lower EBITDA.

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 31 Dec 2023 £m	3 months ended 31 Dec 2022 £m	12 months ended 31 Dec 2023 £m	12 months ended 31 Dec 2022 £m
EBITDA	**44.7**	**72.5**	**160.8**	**219.7**
Exceptional items	(11.3)	(20.6)	(11.3)	(20.6)
Net land investment (in excess of)/less than cost of sales	(24.7)	25.1	(1.6)	5.4
Development spend less than/(in excess of) cost of sales	17.5	19.0	(57.6)	(43.2)
Change in working capital	9.2	23.8	1.4	(3.3)
Cash flows from JVs (not included in EBITDA)	5.9	(0.2)	0.4	(8.4)
Shared equity loan receivables	0.2	-	0.7	1.1
Other	1.4	(0.2)	(0.3)	0.9
Free cash flow*	**42.9**	**119.4**	**92.5**	**151.6**
Net land spend (included in cost of sales)	42.7	53.8	140.6	160.5
Net land investment in excess of/(less than) cost of sales	24.7	(25.1)	1.6	(5.4)
Total net land spend	**67.4**	**28.7**	**142.2**	**155.1**
Free cash flow pre net land spend	**110.3**	**148.1**	**234.7**	**306.7**

* 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.

4 Capital Employed, Inventory and Landbank

Capital Employed, Inventory and Landbank

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Capital employed is £678.7m as at 31 December 2023 (Dec 2022: £628.2m). The increase is primarily due to lower trade payables, a higher net inventories balance and higher retirement benefit surplus offset by an increase in the fire safety remediation provision and deferred tax provision.

Return on capital employed is 24.0% compared to 35.4% for the 12 months ended 31 December 2022.

	As at and for the 12 months ended 31 Dec 2023 £m	As at and for the 12 months ended 31 Dec 2022 £m
Net assets	585.8	537.1
External net debt	601.6	599.8
Intangible assets *	(508.7)	(508.7)
Capital employed	678.7	628.2
Operating profit (pre exceptional items) **	157.1	216.6
ROCE (%)	**24.0%**	**35.4%**

* Intangible assets at 31 December 2023 of £551.7m (2022: £551.7m) net of a deferred tax liability on the brand value of £43.0m (31 December 2022: £43.0m).

** Operating profit (pre exceptional items) for the 12 months ended 31 December 2023 excludes exceptional items of £11.3m (12 months ended 31 December 2022: £75.5m).

Capital Employed, Inventory and Landbank

The Group acquired 17 sites (3,222 plots) in the year ended 31 December 2023, which compares to 19 sites (3,008 plots) in the prior year.

Net inventory has increased by £35.7m in the year largely due to higher work in progress, reflecting a combination of annual build-cost inflation, the impact of the new customer handover processes implemented in 2023, and a slower sales market that led to an increase in the number of completed stock units, excluding show homes, to 107 (2022: 36). Land payables are lower as result of the cautious approach to landbuying adopted over the past 12 months.

The owned landbank at 31 December 2023 has decreased to 10,428 plots (Gross development value: £3.2bn). All owned land which has a detailed planning permission is being developed.

The consented landbank has increased to 14,060 plots (Dec 2022: 13,914 plots). Based on the last 12 months' core completions of 3,475 this represents 4.0 years' supply (Dec 2022: 3.5 years).

Net inventory	As at 31 Dec 2023 £m	As at 31 Dec 2022 £m
Land	500.5	502.7
Work in progress	386.7	363.0
Part exchange properties	9.2	3.2
Inventory	**896.4**	**868.9**
Land payables	(88.3)	(96.5)
Net inventory	**808.1**	**772.4**

Embedded landbank value*	£m	£m
Estimated GDV	3,153.5	3,194.7
Estimated remaining development costs	(1,576.1)	(1,580.3)
Net land payables	(89.7)	(92.7)
Net proceeds from owned landbank	**1,487.7**	**1,521.7**
Net option value of strategic landbank	231.6	208.8
Total	**1,719.3**	**1,730.5**

Landbank	Plots	Plots
Owned / unconditional	10,483	10,724
Controlled	3,577	3,190
Consented	**14,060**	**13,914**
Strategic	43,293	39,203
Total	**57,353**	**53,117**

* 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 31 December 2023 based on the December 2023 baseline for selling prices.

5 Trading Update

Trading Update

- We are encouraged by the start to the year from a sales perspective. Our latest year to date private sales rate is 0.72 which is a 20% increase on last year's 0.60. Gross and net pricing remains firm with gross prices set to accommodate incentives at similar levels to last year.

- We entered the year with a 2024 forward sales position of £437m on 1,759 core and JV homes. This has now grown to £669m and 2,457 homes (and includes revenue on homes which we have completed in the first 3 months of the year). 69% of the £669m sales value relates to homes which have either exchanged or completed.

- On cost inflation, we were pleased to have mitigated this to 3% in 2023. However, in a sales environment with broadly flat pricing, we recognise that it is important to reduce our cost base in order to repair margins. Extensive work is currently ongoing with all our supply chain partners, with the greatest opportunity for cost reduction on new pipeline sites on which we will commence over the course of 2024. These sites contribute relatively few volumes in 2024, and it is for this reason that we are targeting a neutral cost position for this year with margin improvement more likely in 2025 when these sites have a greater contribution.

- A significant amount of work occurred in 2023 in relation to new land opportunities, particularly in re-shaping deals (both values and payment terms) to reflect the current market. This has meant that we have a strong pipeline of 40 land opportunities for 2024, with 7 sites (910 plots) having already been acquired in the year to date and a further 7 sites (984 plots) having been exchanged.

- As mentioned in our previous report, we intend to increase our exposure to the rental market, both with PRS institutions and registered providers. We delivered just under 400 partnership homes in 2023 and our target is for this to double in 2024. To spearhead our partnership activities, we have established a central team led by Matthew Bench (formerly of Countryside) who will join us on 1 April as Managing Director for our Partnerships business.

- We are extremely pleased to have retained our 5 star HBF Customer Satisfaction rating making this the 12th time in the last 13 years.

Trading Update

- We continue to make significant strides in our ESG journey. Our 2023 achievements can be found on our corporate website (https://www.millerhomes.co.uk/corporate/a-better-place/informed-investors.aspx) with the key highlights being:
    - An ambitious waste reduction strategy being put into place setting individual targets for each of our sites.
    - The initiation of a new car benefit policy to move away from petrol and diesel vehicles with 94% of our car fleet now being electric or hybrid.
    - An increase in the number of training days for our employees per annum to 3.1 days.
    - The publication of a new supplier code of conduct which assists in our aim of helping our valued partners and driving quality.
    - During 2023 we calculated our Scope 3 emissions which means we will this year set science-based carbon reduction targets including a net zero target.

- It is difficult at this stage of the year to provide guidance on full year 2024 volumes. Assuming a sales rate of 0.60 to 0.65 then full year volumes are likely to be in the range of 3,500 to 3,750 with the overall ASP broadly in line with last year.

6 Group Pro Forma Condensed Consolidated Financial Statements

Pro Forma Consolidated Income Statement

for the 3 and 12 month periods ended 31 December 2023

	Note	3 months ended 31 Dec 2023 £m	3 months ended 31 Dec 2022 £m	12 months ended 31 Dec 2023 £m	12 months ended 31 Dec 2022 £m
Revenue		**291.2**	**365.7**	**1,015.9**	**1,169.0**
Cost of sales		(230.1)	(277.9)	(792.4)	(886.5)
Gross profit		**61.1**	**87.8**	**223.5**	**282.5**
Administrative expenses		(19.0)	(16.9)	(69.0)	(67.5)
Other operating income		0.3	0.3	1.4	1.1
Group operating profit		**42.4**	**71.2**	**155.9**	**216.1**
Share of result in joint ventures		0.6	0.2	1.2	0.5
Operating profit		**43.0**	**71.4**	**157.1**	**216.6**
Finance costs	*4*	(23.6)	(23.4)	(87.5)	(74.0)
Finance income	*5*	2.9	1.3	7.4	1.7
Net finance costs		(20.7)	(22.1)	(80.1)	(72.3)
Profit before taxation		**22.3**	**49.3**	**77.0**	**144.3**
Income taxes		(7.6)	(11.7)	(24.2)	(33.8)
Profit for the period		**14.7**	**37.6**	**52.8**	**110.5**

The results for the 3 and 12 month periods ended 31 December 2023 represent the pre-exceptional results reported in the audited financial statements of Miller Homes Group (Finco) plc.

The result for the year ended 31 December 2022 was prepared on a pro forma basis.

Consolidated Statement of Financial Position

	Note	As at 31 Dec 2023 £m	As at 31 Dec 2022 £m
Assets			
Non-current assets			
Intangible assets (incl goodwill)	*6*	551.7	551.7
Property, plant and equipment		8.1	7.9
Right of use assets		7.2	7.9
Investment in joint ventures		13.2	12.4
Shared equity loan receivables		2.8	3.5
Exchange rate swap		10.1	19.7
Retirement benefit obligations		14.8	8.2
		607.9	**611.3**
Current assets			
Inventories	*7*	896.4	868.9
Trade and other receivables		35.1	39.5
Cash and cash equivalents		194.2	189.8
		1,125.7	**1,098.2**
Total assets		**1,733.6**	**1,709.5**

Consolidated Statement of Financial Position *(continued)*

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	Note	As at 31 Dec 2023 £m	As at 31 Dec 2022 £m
Liabilities			
Non-current liabilities			
Loans and borrowings	*8*	(798.3)	(801.0)
Trade and other payables		(39.0)	(17.2)
Deferred tax		(41.7)	(34.3)
Lease liabilities		(5.2)	(5.8)
Provisions and deferred income		(44.4)	(33.1)
		(928.6)	**(891.4)**
Current liabilities			
Trade and other payables		(216.8)	(278.5)
Lease liabilities		(2.4)	(2.5)
		(219.2)	**(281.0)**
Total liabilities		**(1,147.8)**	**(1,172.4)**
Net assets		**585.8**	**537.1**
Equity			
Share capital		527.9	527.9
Retained earnings		57.9	9.2
Total equity attributable to owners of the parent		**585.8**	**537.1**

The December 2023 and December 2022 figures represent the audited accounts of Miller Homes Group (Finco) plc.

Consolidated Cashflow Statement

for the 3 and 12 month periods ended 31 December 2023

	3 months ended 31 Dec 2023 £m	3 months ended 31 Dec 2022 £m	12 months ended 31 Dec 2023 £m	12 months ended 31 Dec 2022 £m
Cash flows from operating activities				
Profit for the period	14.7	37.6	52.8	110.5
Provisions	(0.8)	-	(0.8)	-
Depreciation	1.7	1.1	3.7	3.1
Finance income	(2.9)	(1.3)	(7.4)	(1.7)
Finance cost	23.6	23.4	87.5	74.0
Share of post tax result from joint ventures	(0.6)	(0.2)	(1.2)	(0.5)
Taxation	7.6	11.7	24.2	33.8
	43.3	72.3	158.8	219.2
Working capital movements:				
Movement in trade and other receivables	(6.5)	12.1	5.5	(6.7)
Movement in inventories	(3.2)	65.4	(27.1)	14.2
Movement in trade and other payables	2.8	(30.4)	(46.3)	(67.2)
Cash generated from operations	36.4	119.4	90.9	159.5
Interest paid	(24.3)	(23.2)	(66.4)	(53.2)
Corporation tax paid	(5.5)	(5.3)	(16.9)	(27.6)
Net cashflow from operating activities	**6.6**	**90.9**	**7.6**	**78.7**
Cash flows from investing activities				
Acquisition of Miller Homes Group Limited	-	-	-	(914.4)
Acquisition of property, plant and equipment	(0.7)	(0.9)	(1.3)	(2.1)
Movement in loans with joint ventures	6.5	0.1	1.6	(7.8)
Net cashflow from investing activities	**5.8**	**(0.8)**	**0.3**	**(924.3)**
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)	-	-	-	774.1
Arrangement fees	(0.1)	-	(0.5)	-
Lease payments	(1.5)	(1.0)	(3.0)	(2.5)
Repayment of senior secured notes	-	-	-	(404.0)
Net cashflow from financing activities	**(1.6)**	**(1.0)**	**(3.5)**	**895.5**
Movement in cash and cash equivalents	10.8	89.1	4.4	49.9
Transaction costs	-	-	-	(21.1)
Cash and cash equivalents at beginning of period	183.4	100.7	189.8	161.0
Cash and cash equivalents at end of period	**194.2**	**189.8**	**194.2**	**189.8**

Notes to the Condensed Consolidated Financial Statements

1. Reconciliation of net cash flow to net debt	3 months ended 31 Dec 2023 £m	3 months ended 31 Dec 2022 £m	12 months ended 31 Dec 2023 £m	12 months ended 31 Dec 2022 £m
Movement in cash and cash equivalents	10.8	89.1	4.4	49.9
Issue of Senior Secured Notes (net of arrangement fees)	-	-	-	(774.1)
Repayment of Senior Secured Notes	-	-	-	404.0
Arrangement fee for £14m RCF extension	0.1	-	0.5	-
Transaction costs	-	-	-	(21.1)
Movement in lease liabilities	1.6	1.3	3.0	2.6
Non-cash movement*	(3.7)	(7.8)	(9.7)	(12.7)
Movement in external net debt in period	8.8	82.6	(1.8)	(351.4)
External net debt at beginning of period	(610.4)	(682.4)	(599.8)	(248.4)
External net debt at end of period	**(601.6)**	**(599.8)**	**(601.6)**	**(599.8)**

External net debt comprises:	As at 31 Dec 2023 £m	As at 31 Dec 2022 £m
Senior Secured Notes	(828.5)	(837.3)
Exchange rate swap	10.1	19.7
Cash and cash equivalents	194.2	189.8
Lease liabilities	(7.6)	(8.3)
Deferred financing costs	30.2	36.3
External net debt at end of period	**(601.6)**	**(599.8)**

* The non-cash movement for the 3 months ended 31 December 2023 represents £1.7m (Q4 2022: £1.6m) of arrangement fee amortisation, £2.1m lease liability additions/interest and £0.1m net unrealised gain on the FX translation of the Senior Secured Notes and exchange rate swap.

* The non-cash movement for the year ended 31 December represents £6.6m (2022: £6.5m) of deferred financing costs, £2.3m lease liability additions/interest (2022: £3.8m) and £0.8m net unrealised loss on the FX translation of the Senior Secured Notes and exchange rate swap (2022: £2.6m).

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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 year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the "Group").

The Company's statutory financial statements for the period ended 31 December 2023 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 31 Dec 2023 £m	3 months ended 31 Dec 2022 £m	12 months ended 31 Dec 2023 £m	12 months ended 31 Dec 2022 £m
Interest payable on Senior Secured Notes, bank loans and overdrafts	20.9	21.0	80.2	66.8
Net foreign exchange (gain)/loss	(0.3)	-	0.8	-
Imputed interest on land payables on deferred terms	1.4	2.4	4.7	6.9
Imputed interest on provisions	1.4	-	1.4	-
Imputed interest on lease liabilities	0.2	-	0.4	0.3
	23.6	**23.4**	**87.5**	**74.0**

5. Finance income

	3 months ended 31 Dec 2023 £m	3 months ended 31 Dec 2022 £m	12 months ended 31 Dec 2023 £m	12 months ended 31 Dec 2022 £m
Imputed interest on land sale receipts payable on deferred terms	0.5	0.7	0.5	0.7
Finance income related to employee benefit obligations	0.3	0.3	0.3	0.3
Interest on loans to joint ventures	0.2	0.2	0.6	0.4
Bank Interest	1.8	-	5.8	-
Other	0.1	0.1	0.2	0.3
	2.9	**1.3**	**7.4**	**1.7**

6. Intangible assets	As at 31 Dec 2023 £m	As at 31 Dec 2022 £m
Goodwill	379.7	379.7
Brand value	172.0	172.0
	551.7	**551.7**

7. Inventories	As at 31 Dec 2023 £m	As at 31 Dec 2022 £m
Land	500.5	502.7
Work in progress	386.7	363.0
Part exchange properties	9.2	3.2
	896.4	**868.9**

8. Loans and borrowings – non-current	As at 31 Dec 2023 £m	As at 31 Dec 2022 £m
Senior Secured Notes	(828.5)	(837.3)
Deferred financing costs	30.2	36.3
	(798.3)	**(801.0)**

Senior Secured Notes: The Group acquired Miller Homes Group Limited on 31 March 2022, funded by an £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 £828.5m (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 £10.1m (Dec 2022: £19.7m) exchange rate swap asset at the quarter end.