

Quarterly Financial Report

For the 3 and 9 months ended
30 September 2021



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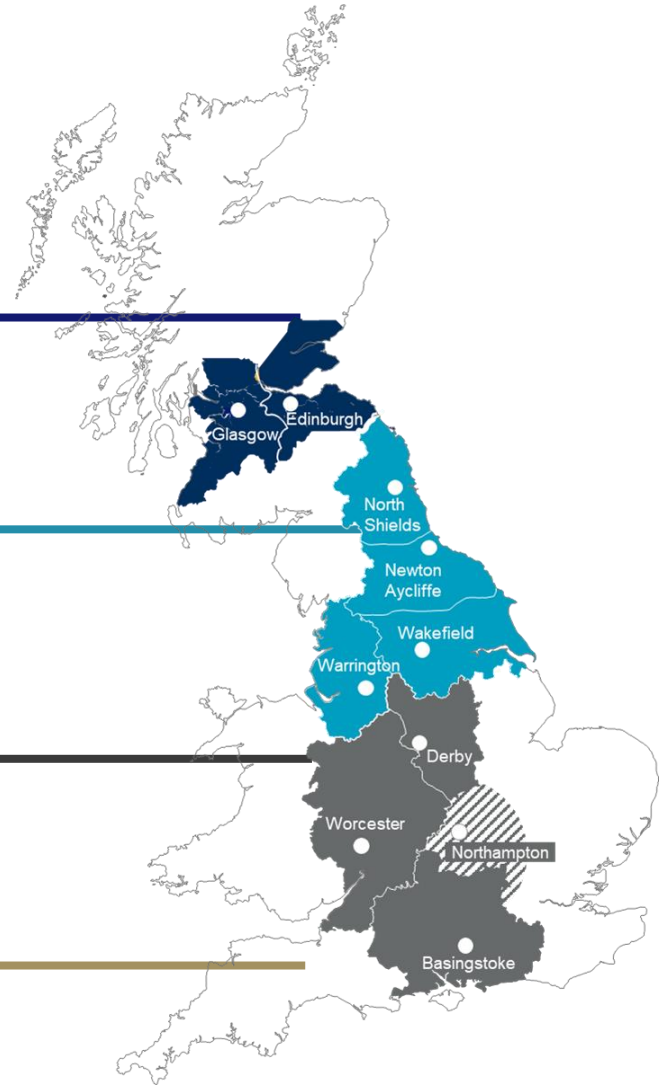


1 Introduction

Introduction

In accordance with the reporting requirements of its offering of £425m Senior Secured Notes (since increased to £455m), Miller Homes Group Holdings plc (“the Group”) is pleased to present its Quarterly Financial Report for the 3 and 9 months ended 30 September 2021.

The figures for the 3, 9 and 12 months to 30 September 2021 and 2020 are unaudited.



Scotland Completions*	ASP (£000)*	Consented landbank**	Active sites*
907 +3%	289 +1%	2,597 +11%	17 -11%
North Completions*	ASP (£000)*	Consented landbank**	Active sites*
1,381 +2%	249 +1%	5,460 -4%	28 -2%
Midlands & South Completions*	ASP (£000)*	Consented landbank**	Active sites*
1,510 +11%	294 -2%	6,564 +4%	27 -4%
Miller Homes Completions*	ASP (£000)*	Consented landbank**	Active sites*
3,798 +5%	276 +0%	14,621 +2%	72 -5%

* Last 12 months ending 30 September 2021. Percentage movement compared to period ending 30 June 2021.
 **As at 30 September 2021. Percentage movement compared to 30 June 2021.



2 Operational and Financial Highlights

Trading

- Continued strong performance, with completions 70% ahead of 2020 and 15% ahead of 2019, the last pre-COVID reporting period.

	Q3 2021 YTD	Q3 2020 YTD	Q3 2019 YTD
Total completions	2,862	1,684	2,490
Revenue	£778.7m	£414.5m	£581.7m
Gross profit	£189.4m	£98.4m	£145.6m
Gross margin	24.3%	23.7%	25.0%
Operating profit	£147.5m	£69.6m	£114.6m
Operating margin	18.9%	16.8%	19.7%
ROCE *	32.3%	20.0%	28.2%

- Private sales rate for the 9 months ending 30 September 2021 was 0.92 net reservations per site per week (Q3 2020: 0.66, Q3 2019: 0.69), 39% ahead of Q3 2020 and 33% ahead of Q3 2019.
- Volumes
 - Volumes for the 9 months to 30 September 2021 were 2,862 core and joint venture completions. This compares to 1,684 completions in the same period in 2020 and 2,490 completions in 2019, an increase of 70% and 15% respectively.
- Average Selling Price (ASP)
 - Q3 2021 ASP increased by 9% to £277,000 (Q3 2020: £254,000, Q3 2019: £245,000). The improvement in ASP was driven by a combination of an 8% increase in private ASP to £320,000 (Q3 2020: £296,000, Q3 2019: £283,000), and a 13% increase in affordable ASP to £137,000 (Q3 2020: £121,000, Q3 2019: £111,000).
 - The 8% increase in the private ASP to £320,000 predominantly reflected a higher proportion of homes sold in our Midlands and South division in the current year along with annual house price inflation which benefited all regional businesses.
- Revenue
 - Q3 2021 revenue was £779m (Q3 2020: £415m, Q3 2019: £582m) up 88% on Q3 2020 which is a combination of a 72% increase in core completions and a 9% increase in ASP.

* ROCE calculated for the last 12 month periods ending 30 September 2021, 2020 and 2019.

Trading *(continued)*

- Gross profit
 - Gross profit in the 9 months ended 30 September 2021 was £189m (Q3 2020: £98m, Q3 2019: £146m), a 93% increase on the prior year period and a 30% increase on 2019.
 - Gross margin was 24.3% and compares with 23.7% in 2020 and 25.0% in 2019.
- Administrative expenses
 - Increase in administrative expenses to £45m in the 9 months to 30 September 2021 (Q3 2020: £32m, Q3 2019: £35m) which primarily reflects the inclusion of staff incentive costs in light of the current year financial performance.
- EBITDA for 12 months ended 30 September 2021 is £191m (LTM 2020: £128m, LTM 2019: £164m), an increase of 50% and 16% respectively.
- Continued strong trading momentum has resulted in forward sales for the next 12 months of £714m (Q3 2020: £585m, Q3 2019: £381m), 22% higher than September 2020 and 87% higher than September 2019.

Land

- 789 plots were acquired in Q3 2021 which has resulted in 3,880 plots being acquired in the 9 months to 30 September 2021. This compared to 1,117 plots being acquired in the 9 months to September 2020 and 2,273 plots in the full year 2020.
- There is a strong pipeline of land opportunities with over 5,000 plots being sourced on the open market, supported by the pull through of our strategic land bank.
- The owned landbank is 11,520 plots, a 10% increase on the December 2020 landbank of 10,494 plots. Combined with 3,101 plots in the controlled landbank, this results in a consented landbank of 14,621 plots (Dec 2020: 14,667 plots), representing 3.9 years' supply (Dec 2020: 5.8 years), based on the last 12 months' completions.
- The strategic landbank has increased by 79% to 37,188 plots (Dec 2020: 20,776 plots), with the increase being driven by the acquisition of Wallace Land Investments and Management Limited in May 2021.

Cash and leverage

- Free cash flow in 9 months to 30 September 2021 was £160m (2020: £38m, 2019: £1m outflow) driven by increased volumes this year. This has resulted in cash at the quarter end of £269m, and the £151m RCF remains undrawn.
- Net LTV* is 27%, based on net inventory of £699m and net debt of £186m**, a reduction from 32% in the previous quarter.
- Net leverage is 1.0x, based on LTM EBITDA of £191m and net debt of £186m. This compares to net leverage of 1.3x in the previous quarter and 2.0x at 30 September 2020.
- On 10 November 2021, the Group bought back and cancelled the outstanding £51m Senior Secured Floating Rate Notes, and repaid the outstanding intercompany loan (£51m). Had these transactions happened on 30 September 2021, the impact on the Group's debt ratios, based on a revised net debt figure of £237m, would have been:
 - Net LTV increasing to 34%; and
 - Net leverage increasing to 1.2x.

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

** Excludes the capitalisation of bond financing costs (£8.9m).

Financial Highlights

Revenue for the 3 months to 30 September 2021 increased by 28.7% to £254.0m (Q3 2020: £197.4m), reflecting a 27.3% increase in core completions and 1.1% increase in ASP.

Gross profit for the 3 months to 30 September 2021 was £64.8m (Q3 2020: £47.1m). Gross margin in the 3 month period was 25.5% (Q3 2020: 23.9%).

Administrative expenses for the 3 months to 30 September 2021 totalled £15.6m (Q3 2020: £11.1m). The increase of £4.5m has primarily been driven by a higher staff incentive charge in the current year period.

Net finance costs in the 3 month period ended 30 September 2021 were £10.2m (Q3 2020: £12.3m). The decrease primarily reflects lower intercompany loan interest following the £100m part repayment in March 2021.

	3 months ended 30 Sep 2021 £m	3 months ended 30 Sep 2020 £m	% change	9 months ended 30 Sep 2021 £m	9 months ended 30 Sep 2020 £m	% change
Revenue	254.0	197.4	28.7	778.7	414.5	87.9
Cost of sales	(189.2)	(150.3)	(25.9)	(589.3)	(316.1)	(86.4)
Gross profit	64.8	47.1	37.6	189.4	98.4	92.5
Other operating income	0.1	0.4	(75.0)	0.8	1.1	(27.3)
Administrative expenses	(15.6)	(11.1)	(40.5)	(45.0)	(31.6)	(42.4)
Group operating profit	49.3	36.4	35.4	145.2	67.9	113.8
Share of result in joint ventures	0.3	0.8	(62.5)	2.3	1.7	35.3
Operating profit	49.6	37.2	33.3	147.5	69.6	111.9
Net finance costs	(10.2)	(12.3)	17.1	(32.6)	(37.5)	13.1
Profit before taxation	39.4	24.9	58.2	114.9	32.1	257.9
Income taxes	(7.4)	(5.3)	(39.6)	(24.4)	(6.7)	(264.2)
Profit for the period	32.0	19.6	63.3	90.5	25.4	256.3
<i>Gross margin %</i>	25.5%	23.9%	160bps	24.3%	23.7%	60bps
<i>Operating margin %</i>	19.5%	18.8%	70bps	18.9%	16.8%	210bps
Profit for the period	32.0	19.6	63.3	90.5	25.4	256.3
Income taxes	7.4	5.3	(39.6)	24.4	6.7	(264.2)
Net finance costs	10.2	12.3	17.1	32.6	37.5	13.1
Depreciation	0.6	0.6	-	2.0	2.0	-
EBITDA	50.2	37.8	32.8	149.5	71.6	108.8

Financial Highlights

Analysis of revenues, completions and ASP

millerohomes

Private revenue increased by 18.3% to £214.4m (Q3 2020: £181.2m). Affordable revenue increased by 144.4% to £39.6m (Q3 2020: £16.2m).

Core completions increased by 27.3% to 941 units (Q3 2020: 739 units). Private completions increased by 12.1% to 669 units (Q3 2020: 597 units).

Affordable completions increased by 91.5% to 272 units (Q3 2020: 142 units).

ASP increased by 1.1% to £270,000 (Q3 2020: £267,000). This reflects a 5.6% increase in the private ASP to £321,000 (Q3 2020: £304,000) due to house price inflation and a higher proportion of completions coming from our Midlands and South division which has a higher ASP. Affordable ASP has increased by 28.0% to £146,000 (Q3 2020: £114,000).

	3 months ended 30 Sep 2021 £m	3 months ended 30 Sep 2020 £m	9 months ended 30 Sep 2021 £m	9 months ended 30 Sep 2020 £m
Private revenue	214.4	181.2	684.3	365.9
Affordable revenue	39.6	16.2	90.2	47.3
Land sales	-	-	4.2	1.3
Total revenue	254.0	197.4	778.7	414.5

	Units	Units	Units	Units
Private completions	669	597	2,139	1,237
Affordable completions	272	142	660	391
Core completions	941	739	2,799	1,628
Joint venture completions	11	20	63	56
Total completions	952	759	2,862	1,684

	£000	£000	£000	£000
Private ASP	321	304	320	296
Affordable ASP	146	114	137	121
Total ASP	270	267	277	254



3 Net Debt, Liquidity and Cashflow

Net Debt, Liquidity and Cashflow



Net cash inflow from operating activities for the 3 months ended 30 September 2021 was £39.1m (Q3 2020: £60.1m). This decrease principally reflects increased development spend in the current year period.

Net cash inflow from investing activities for the 3 months ended 30 September 2021 was £2.8m (Q3 2020: £2.3m). This represents the repayment of loans made to joint ventures.

Net cash flow from financing activities for the 3 months ended 30 September 2021 was £nil (Q3 2020: £49.6m inflow). The inflow in 2020 reflects the issue of a net £50m Senior Secured Notes, offset by transaction fees. The outflow of £100m for the 9 months ending 30 September 2021 represents the part repayment of the intercompany loan in March 2021.

	As at 30 Sep 2021	As at 31 Dec 2020	As at 30 Sep 2020
	£m	£m	£m
Senior Secured Notes	(455.0)	(455.0)	(455.0)
Deferred financing costs	8.9	11.3	12.2
Cash and cash equivalents	268.9	242.8	204.2
Total external net debt	(177.2)	(200.9)	(238.6)

	3 months ended 30 Sep 2021	3 months ended 30 Sep 2020	9 months ended 30 Sep 2021	9 months ended 30 Sep 2020
	£m	£m	£m	£m
Net cash flow from operating activities	39.1	60.1	133.5	10.5
Net cash flow from investing activities	2.8	2.3	(8.0)	4.8
Net cash flow from financing activities	-	49.6	(100.0)	49.1
Movement in cash and cash equivalents	41.9	112.0	25.5	64.4
Cash and cash equivalents at beginning of period	227.0	92.2	242.8	139.8
Cash and cash equivalents acquired with Wallace Land Investments and Management Limited	-	-	0.6	-
Cash and cash equivalents at end of period	268.9	204.2	268.9	204.2

Net Debt, Liquidity and Cashflow



Free cash flow for the 3 months ended 30 September 2021 was £52.2m compared to £65.1m for the 3 months ended 30 September 2020.

The decrease of £12.9m primarily reflects increased development spend and reduced income from the re-sale of part exchange properties offset by a less pronounced movement in working capital in the current year period.

As the Group has continued to generate significant levels of cash, the decision has been taken to repay the outstanding intercompany loan and Senior Secured Fixed Rate Notes in November 2021.

	3 months ended 30 Sep 2021	3 months ended 30 Sep 2020	9 months ended 30 Sep 2021	9 months ended 30 Sep 2020
	£m	£m	£m	£m
EBITDA	50.2	37.8	149.5	71.6
Net land investment less than/(in excess of) cost of sales	4.8	(4.3)	(6.5)	(24.7)
Development spend (in excess of)/less than cost of sales	(8.0)	36.2	12.8	(15.9)
Change in working capital	0.6	(16.6)	(11.3)	(10.2)
Cash flows from JVs (not included in EBITDA)	2.5	1.3	6.9	3.1
Shared equity loan receivables	0.5	0.8	2.1	2.2
Other	1.6	9.9	6.3	11.9
Free cash flow*	52.2	65.1	159.8	38.0
Net land spend (included in cost of sales)	40.9	33.9	133.4	72.2
Net land investment (less than)/in excess of cost of sales	(4.8)	4.3	6.5	24.7
Total net land spend	36.1	38.2	139.9	96.9
Free cash flow pre net land spend	88.3	103.3	299.7	134.9

*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 and the acquisition of Wallace Land), corporation tax paid, interest paid and transaction costs.



4 Capital Employed, Inventory and Landbank

Capital Employed, Inventory and Landbank



Capital employed decreased to £562.1m as at 30 September 2021 (Dec 2020: £591.3m) primarily due to higher trade and other creditors, not offset by a corresponding increase in inventory due to increased volumes in the period.

	As at and for the 12 months ended 30 Sep 2021 £m	As at and for the 12 months ended 31 Dec 2020 £m	As at and for the 12 months ended 30 Sep 2020 £m
Net assets	467.3	378.6	357.5
Net external debt	177.2	200.9	238.6
Intercompany loan	50.3	144.5	141.0
Intangible assets *	(132.7)	(132.7)	(132.7)
Capital employed	562.1	591.3	604.4
Operating profit	188.4	110.5	122.9
ROCE (%)	32.3	18.8	20.0

* Note intangible assets includes deferred tax liability on brand value. The December 2020 and September 2020 intangible asset figure has been restated to reflect the deferred tax liability on brand value.

Capital Employed, Inventory and Landbank

The Group acquired or unconditionally contracted on 789 plots in the 3 month period to 30 September 2021. In total, 3,880 plots have been acquired in the 9 months ended 30 September 2021, which compares to 1,117 plots in the prior year period.

The owned landbank at 30 September 2021 has increased to 11,520 plots (Gross development value: £3.2bn). All owned land which has a detailed planning permission is being developed.

The consented landbank has decreased marginally to 14,621 plots (Dec 2020: 14,667 plots). Based on the last 12 months' core completions of 3,715 units, this represents 3.9 years' supply (Dec 2020: 5.8 years).

The strategic landbank has increased by 79% to 37,188 plots (Dec 2020: 20,776 plots) reflecting the acquisition of Wallace Land Investments and Management Limited in May 2021.

	As at 30 Sep 2021	As at 31 Dec 2020	As at 30 Sep 2020
	£m	£m	£m
Land	499.2	490.6	494.0
Work in progress	306.4	311.8	319.3
Part exchange properties	1.0	6.2	10.4
Inventory	806.6	808.6	823.7
Land payables	(107.4)	(98.9)	(108.0)
Net inventory	699.2	709.7	715.7

Landbank	Plots	Plots	Plots
Owned / unconditional	11,520	10,494	10,254
Controlled	3,101	4,173	3,711
Consented	14,621	14,667	13,965
Strategic	37,188	20,776	19,809
Total	51,809	35,443	33,774



5 Conclusion



- Our private sales rate has continued at a high level and is 34% ahead of 2019. Importantly, this has been achieved whilst at the same time reducing incentives. Help to Buy backed sales have fallen to 15% of private reservations and compares to 37% and 35% in 2020 and 2019 respectively. Part exchange supported sales have fallen to 1% of private reservations (2020: 7%, 2019: 17%) and as a consequence part exchange stocks are at a historical low of £1.0m (Q3 2020: £10.4m).
- In the 7 weeks since the quarter end, our private sales rate has continued to outperform prior years, with it being 12% and 32% ahead of 2020 and 2019 respectively.
- The strength of the market has enabled incentives to be minimised which, when combined with our forward selling strategy, has benefited selling prices.
- Throughout the year, there has been a continual focus on the supply chain led by our Group Procurement team and supported by our regional commercial teams. Whilst lead-times on certain commodities have lengthened, advance ordering of materials from our key national suppliers has enabled our production output on a per site basis to be 12% ahead of 2019. This increased output has ensured that build rates have kept pace with our sales rates.
- Cost inflation is being well managed by our Commercial and Procurement teams and is at a similar level to house price inflation. Consequently, margins continue to be robust.
- As previously intimated, we remain confident that FY19 / pre-COVID completions will be exceeded this year, which in turn will see an improvement of over 40% on 2020 completions.
- Given the continued supportive fundamentals in our regional markets, we have launched in a new region in the South Midlands based in Northampton. This is our 10th region and increases our annual capacity to c6,000 units. The rollout will follow a similar blueprint to the successful launch of our most recent regions in the West Midlands (in 2017) and Teesside (in 2019).



6 Group Condensed Consolidated Financial Statements

Consolidated Income Statement

for the 3 and 9 month periods ended 30 September 2021



	Note	3 months ended 30 Sep 2021 £m	3 months ended 30 Sep 2020 £m	9 months ended 30 Sep 2021 £m	9 months ended 30 Sep 2020 £m
Revenue		254.0	197.4	778.7	414.5
Cost of sales		(189.2)	(150.3)	(589.3)	(316.1)
Gross profit		64.8	47.1	189.4	98.4
Other operating income		0.1	0.4	0.8	1.1
Administrative expenses		(15.6)	(11.1)	(45.0)	(31.6)
Group operating profit		49.3	36.4	145.2	67.9
Share of result in joint ventures		0.3	0.8	2.3	1.7
Operating profit		49.6	37.2	147.5	69.6
Finance costs	4	(10.3)	(12.4)	(32.9)	(38.1)
Finance income	5	0.1	0.1	0.3	0.6
Net finance costs		(10.2)	(12.3)	(32.6)	(37.5)
Profit before taxation		39.4	24.9	114.9	32.1
Income taxes		(7.4)	(5.3)	(24.4)	(6.7)
Profit for the period		32.0	19.6	90.5	25.4

The results for the 3 and 9 month periods ended 30 September 2021 and 2020 are unaudited.

Consolidated Statement of Financial Position



	Note	As at 30 Sep 2021 £m	As at 31 Dec 2020 £m	As at 30 Sep 2020 £m
Assets				
Non-current assets				
Intangible assets (incl goodwill)	6	146.2	146.2	146.2
Property, plant and equipment		1.3	1.5	1.2
Right of use assets		4.8	6.6	6.4
Investments		3.4	10.3	12.5
Shared equity loan receivables		4.9	7.0	6.7
Deferred tax		-	-	1.4
		160.6	171.6	174.4
Current assets				
Inventories	7	806.6	808.6	823.7
Trade and other receivables		41.4	22.2	26.3
Cash and cash equivalents		268.9	242.8	204.2
		1,116.9	1,073.6	1,054.2
Total assets		1,277.5	1,245.2	1,228.6

Consolidated Statement of Financial Position *(continued)*



	Note	As at 30 Sep 2021 £m	As at 31 Dec 2020 £m	As at 30 Sep 2020 £m
Liabilities				
Non-current liabilities				
Loans and borrowings	8	(496.4)	(588.2)	(583.8)
Trade and other payables		(45.6)	(44.5)	(38.8)
Lease liabilities		(3.5)	(5.0)	(4.6)
Deferred tax		(9.5)	(2.3)	-
Retirement benefit obligations		-	(13.8)	(13.1)
Provisions and deferred income		(2.7)	(2.7)	(2.6)
		(557.7)	(656.5)	(642.9)
Current liabilities				
Trade and other payables		(250.8)	(208.4)	(226.1)
Lease liabilities		(1.7)	(1.7)	(2.1)
		(252.5)	(210.1)	(228.2)
Total liabilities		(810.2)	(866.6)	(871.1)
Net assets		467.3	378.6	357.5
Equity				
Share capital		151.0	151.0	151.0
Retained earnings		316.3	227.6	206.5
Total equity attributable to owners of the parent		467.3	378.6	357.5

The December 2020 figures represent the audited financial statements of Miller Homes Group Holdings plc. The September 2021 and September 2020 figures are unaudited.

Consolidated Cashflow Statement

for the 3 and 9 month periods ended 30 September 2021



	3 months ended 30 Sep 2021 £m	3 months ended 30 Sep 2020 £m	9 months ended 30 Sep 2021 £m	9 months ended 30 Sep 2020 £m
Cash flows from operating activities				
Profit for the period	32.0	19.6	90.5	25.4
Depreciation	0.6	0.6	2.0	2.0
Finance income	(0.1)	(0.1)	(0.3)	(0.6)
Finance cost	10.3	12.4	32.9	38.1
Share of post tax result from joint ventures	(0.3)	(0.8)	(2.3)	(1.7)
Taxation	7.4	5.3	24.4	6.7
Operating profit before changes in working capital	49.9	37.0	147.2	69.9
Working capital movements:				
Movement in trade and other receivables	(6.1)	(7.7)	(16.5)	(3.5)
Movement in inventories	(15.8)	24.0	13.6	6.6
Movement in trade and other payables	21.4	9.5	22.9	(39.8)
Cash generated from operations	49.4	62.8	167.2	33.2
Interest paid	(1.0)	(0.1)	(14.0)	(12.7)
Corporation tax paid	(9.3)	(2.6)	(19.7)	(10.0)
Net cash inflow from operating activities	39.1	60.1	133.5	10.5
Cash flows from investing activities				
Acquisition of property, plant and equipment	-	-	-	(0.1)
Acquisition of Wallace Land Investments and Management Limited	-	-	(17.2)	-
Movement in loans with joint ventures	2.8	2.3	9.2	4.9
Net cash inflow/(outflow) from investing activities	2.8	2.3	(8.0)	4.8
Cash flows from financing activities				
Issue of senior secured notes	-	49.6	-	49.1
(Decrease)/increase in other long term borrowings	-	-	(100.0)	-
Net cash inflow/(outflow) from financing activities	-	49.6	(100.0)	49.1
Movement in cash and cash equivalents	41.9	112.0	25.5	64.4
Cash and cash equivalents at beginning of period	227.0	92.2	242.8	139.8
Cash and cash equivalents acquired with Wallace Land Investments and Management Limited	-	-	0.6	-
Cash and cash equivalents at end of period	268.9	204.2	268.9	204.2

1. Reconciliation of net cash flow to net debt

	3 months ended 30 Sep 2021 £m	3 months ended 30 Sep 2020 £m	9 months ended 30 Sep 2021 £m	9 months ended 30 Sep 2020 £m
Movement in cash and cash equivalents	41.9	112.0	26.1	64.4
Increase in senior secured notes	-	(49.6)	-	(49.1)
Decrease in intercompany loan classed as debt	-	-	100.0	-
Non-cash movement*	(2.0)	(4.0)	(8.2)	(12.0)
Movement in net debt in period	39.9	58.4	117.9	3.3
Net debt at beginning of period	(267.4)	(438.0)	(345.4)	(382.9)
Net debt at end of period	(227.5)	(379.6)	(227.5)	(379.6)

Net debt comprises:	As at 30 Sep 2021 £m	As at 31 Dec 2020 £m	As at 30 Sep 2020 £m
External net debt	(177.2)	(200.9)	(238.6)
Intercompany loan	(50.3)	(144.5)	(141.0)
Net debt at end of period	(227.5)	(345.4)	(379.6)

*The non-cash movement for the 3 months ended 30 September 2021 represents £0.8m (Q3 2020: £0.8m) of arrangement fee amortisation and £1.2m (Q3 2020: £3.2m) of rolled up interest on the unsecured shareholder loan notes.

*The non-cash movement for the 9 months ended 30 September 2021 represents £2.4m (Q3 2020: £2.4m) of arrangement fee amortisation and £5.8m (Q3 2020: £9.6m) of rolled up interest on the unsecured shareholder loan notes.

2. Reporting entity

Miller Homes Group Holdings plc is a Company domiciled in England and Wales. The condensed consolidated financial statements for the 3 and 9 month periods ended 30 September 2021 comprise the Company and its subsidiaries (together referred to as the “Group”) and reflect the underlying trading results of Miller Homes Holdings 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 condensed consolidated financial statements is based on the accounting policies set out in the audited financial statements of both Miller Homes Group Holdings plc and Miller Homes Holdings Limited.

4. Finance costs

	3 months ended 30 Sep 2021 £m	3 months ended 30 Sep 2020 £m	9 months ended 30 Sep 2021 £m	9 months ended 30 Sep 2020 £m
Interest payable on senior secured notes, bank loans and overdrafts	7.4	7.2	22.3	21.6
Interest payable on amounts owed to immediate parent company	1.2	3.2	5.8	9.6
Imputed interest on land payables on deferred terms	1.6	1.8	4.4	6.4
Finance costs related to employee benefit obligations	-	0.1	0.1	0.2
Imputed interest on lease liabilities	0.1	0.1	0.3	0.3
	10.3	12.4	32.9	38.1

Notes to the Condensed Consolidated Financial Statements



5. Finance income	3 months	3 months	9 months	9 months
	ended 30 Sep	ended 30 Sep	ended 30 Sep	ended 30 Sep
	2021	2020	2021	2020
	£m	£m	£m	£m
Interest on loans to joint ventures	-	-	0.1	0.2
Other	0.1	0.1	0.2	0.4
	0.1	0.1	0.3	0.6

6. Intangible assets	As at 30	As at 31	As at 30
	Sep 2021	Dec 2020	Sep 2020
	£m	£m	£m
Goodwill	92.2	92.2	92.2
Brand value	54.0	54.0	54.0
	146.2	146.2	146.2

7. Inventories	As at 30	As at 31	As at 30
	Sep 2021	Dec 2020	Sep 2020
	£m	£m	£m
Land	499.2	490.6	494.0
Work in progress	306.4	311.8	319.3
Part exchange properties	1.0	6.2	10.4
	806.6	808.6	823.7

8. Loans and borrowings – non-current	As at 30 Sep 2021 £m	As at 31 Dec 2020 £m	As at 30 Sep 2020 £m
Senior secured notes	(455.0)	(455.0)	(455.0)
Deferred financing costs	8.9	11.3	12.2
Intercompany loan (unsecured)	(50.3)	(144.5)	(141.0)
	(496.4)	(588.2)	(583.8)

Senior Secured Notes: Following the Group's acquisition of Miller Homes Holdings Limited on 5 October 2017 the Group issued £425m of Senior Secured Notes, and repaid existing bank loans. The Group bought back and cancelled £20m of its Senior Secured Notes in June 2018 (£14m FRN, £6m fixed).

On 27 July 2020, a £160m private placement was concluded, the purpose of which was to repay £110m of Senior Secured Floating Rate Notes and to take advantage of emerging land opportunities. This transaction also resulted in an extension in the maturity of our senior secured debt with the new Senior Secured Notes due in October 2024, one year later than the Senior Secured Floating Rate Notes. Our revised senior secured debt post this transaction is £404m Senior Secured Notes (due October 2024) and £51m Senior Secured Floating Rate Notes (due October 2023).

On 10 November 2021, the Group bought back and cancelled the outstanding £51m of its Senior Secured Floating Rate Notes.

Intercompany loan: The intercompany loan is payable to Miller Midco 2 Limited, a company ultimately controlled by Bridgepoint funds. The loan is unsecured and repayable in October 2027. On 27 November 2018, £43.5m of this loan was repaid. On 29 March 2021, a further £100.0m of this loan was repaid. On 10 November 2021, the outstanding intercompany loan was repaid in full.