Quarterly Financial Report

For the 3 months ended
31 March 2023

miller homes

Contents

1 Introduction

Introduction

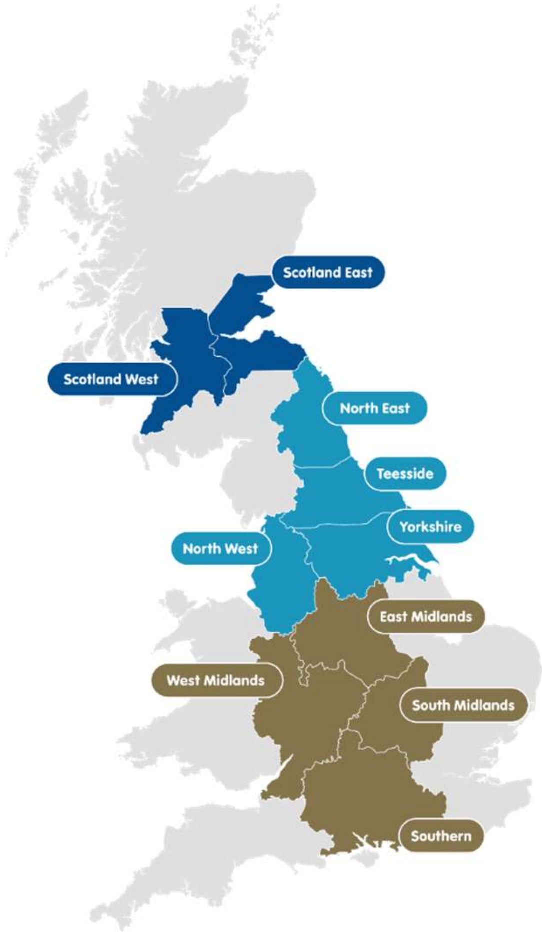
In accordance with the reporting requirements of its offering of £425m fixed notes and €465m floating rate notes, Miller Homes Group (Finco) plc is pleased to present its Quarterly Financial Report for the 3 months ended 31 March 2023.

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 comparative figures in this report contain the pre-acquisition results for the 3 month period 31 March 2022 which have been extracted from the audited records of MHGL.

The figures for the 3 months to 31 March 2023 are unaudited whereas the figures for the 3 months to 31 March 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	843 -2%	334 +3%	1,638 -8%	23 +5%
North	1,486 +1%	274 +5%	5,799 -6%	29 +4%
Midlands & South	1,479 -9%	293 +1%	5,694 -4%	22 +0%
Miller Homes	3,808 -4%	294 +3%	13,131 -6%	74 +3%



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

	3 months ended 31 Mar 2023	3 months ended 31 Mar 2022
Total completions	711	873
Revenue	£218.8m	£253.3m
Gross profit	£50.6m	£63.1m
Gross margin	23.1%	24.9%
Operating profit	£35.5m	£48.0m
Operating margin	16.2%	18.9%
ROCE *	31.9%	33.5%

- Operating profit decreased by 26% to £35.5m (Q1 2022: £48.0m) resulting in an operating margin of 16.2% (Q1 2022: 18.9%).

- The decrease in operating profit was driven by a combination of:
  - a 19% decrease in total completions to 711 homes (Q1 2022: 873) which was largely due to an abnormally high level of affordable completions in the prior year period.
  - a 14% increase in the average selling price (ASP) to £301,000 (Q1 2022: £264,000) reflecting an 8% increase in private ASP combined with a lower proportion of affordable completions which made up 25% (Q1 2022: 34%) of core completions.
  - a reduction in gross margin to 23.1% (Q1 2022: 24.9%).

- EBITDA is £36.2m (Q1 2022: £48.6m).

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

Operational and Financial Highlights

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Trading

- Revenue
  - Revenue for the 3 months ended 31 March 2023 was £218.8m (Q1 2022: £253.3m), a decrease of 13.6% on 2022. This was largely due to core revenue derived from house sales being 8.1% down on the prior year period at £208.8m (Q1 2022: £227.3m) reflecting a 19.3% decrease in core completions offset by a 14.0% increase in ASP. The remainder of the decrease was due to land sales (£13.9m lower) and other revenue from Walker Timber (£2.1m 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 a greater proportion of their business being internal. 81% of private completions in the 3 months ended 31 March 2023 were sold with client optional upgrades (Q1 2022: 88%). The average value of client options was £10,700 (Q1 2022: £9,500).
- Gross profit
  - Gross profit in the 3 months ended 31 March 2023 was £50.6m (Q1 2022: £63.1m) resulting in a gross margin of 23.1% (Q1 2022: 24.9%). The reduction in margin was mainly driven by HPI/CPI which, whilst margin dilutive, resulted in gross profit per core unit completion falling only slightly to £72,900 (Q1 2022: £73,400).
- Administrative expenses
  - Administrative expenses were unchanged at £15.5m in the 3 months ended 31 March 2023 (Q1 2022: £15.5m).

Land

- 1 site (78 plots) was acquired in Q1 2023. This compares to 4 sites (688 plots) being acquired in the prior year period. The year-on-year reduction reflects a more cautious approach to land buying since H2 2022 in response to weaker market conditions.
- The reduction in land buying activity has resulted in a fall in land payables to £71.1m (Dec 2022: £96.5m), of which £54.4m (Dec 2022: £79.3m) is payable within one year. In addition, the value of exchanged conditional contracts has fallen to £24.7m (Dec 2022: £29.6m) of which £17.7m (Dec 2022: £20.9m) is likely to be payable within one year.
- The owned landbank is 10,122 plots, a 6% decrease on the December 2022 landbank of 10,724 plots. Combined with 3,009 plots in the controlled landbank, this results in a consented landbank of 13,131 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 43,931 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

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Cash and leverage

- The period end cash balance was £186.5m (Dec 2022: £189.8m).
- The Group has a £180m RCF which 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).
- Free cash flow for the 3 months to 31 March 2023 was a £9.2m inflow (Q1 2022: £14.8m inflow) with lower EBITDA and increased development spend largely offset by reduced land spend, lower JV investment and improved working capital.
- Net LTV* is 79%, based on net inventory of £810.9m and net debt** of £639.7m and compares to 82% at 31 December 2022.
- Net leverage is 3.1x, based on LTM EBITDA (excluding exceptional items) of £207.2m and net debt** of £639.7m. This compares to the net leverage position at 31 December 2022 of 2.9x.
- Embedded land bank value*** is £1,723m (Dec 2022: £1,730m) which is 2.7x net debt** (Dec 2022: 2.7x).

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

** Excludes the capitalisation of deferred financing costs (£34.7m) – refer page 13.

*** 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 March 2023 based on the March 2023 baseline for selling prices.

Financial Highlights

Revenue for the 3 months to 31 March 2023 decreased by 13.6% to £218.8m (Q1 2022: £253.3m), reflecting a 19.3% decrease in core completions offset by a 14.0% increase in ASP and reduced land sales activity (£13.9m lower).

Gross profit for the 3 months to 31 March 2023 was £50.6m (Q1 2022: £63.1m). Gross margin in the 3 month period was 23.1% (Q1 2022: 24.9%)

Administrative expenses for the 3 months to 31 March 2023 were unchanged at £15.5m (Q1 2022: £15.5m).

Net finance costs in the 3 month period ended 31 March 2023 were £20.4m (Q1 2022: £14.6m). The increase primarily reflects the refinancing which took place on 31 March 2022.

	3 months ended 31 Mar 2023 £m	3 months ended 31 Mar 2022 £m	% change
Revenue	218.8	253.3	(13.6)
Cost of sales	(168.2)	(190.2)	(11.6)
Gross profit	50.6	63.1	(19.8)
Other operating income	0.3	0.2	50.0
Administrative expenses	(15.5)	(15.5)	-
Group operating profit	35.4	47.8	(25.9)
Share of result in joint ventures	0.1	0.2	(50.0)
Operating profit	**35.5**	**48.0**	**(26.0)**
Net finance costs	(20.4)	(14.6)	39.7
Profit before taxation	15.1	33.4	(54.8)
Income taxes	(4.8)	(7.3)	(34.2)
Profit for the period	**10.3**	**26.1**	**(60.5)**
Gross margin %	23.1%	24.9%	-180bps
Operating margin %	16.2%	18.9%	-270bps
Profit for the period	10.3	26.1	(60.5)
Income taxes	4.8	7.3	(34.2)
Net finance costs	20.4	14.6	39.7
Depreciation	0.7	0.6	16.7
EBITDA	**36.2**	**48.6**	**(25.5)**

Financial Highlights

Analysis of revenues, completions and ASP

Private revenue for the 3 months ended 31 March 2023 decreased by 1.2% to £183.5m (Q1 2022: £185.8m), which was driven by a 8.6% decrease in completions offset by a 8.0% increase in ASP.

Affordable revenue decreased by 39.0% to £25.3m (Q1 2022: £41.5m) driven by lower completions in the quarter.

Land sales fell to £6.2m (Q1 2022: £20.1m) which reflected a significant land sale in the prior period.

Other revenue of £3.8m (Q1 2022: £5.9m) is revenue from the sale of timber products by Walker Timber to external customers.

Core completions fell by 19.3% to 694 units (Q1 2022: 860 units). Private completions decreased by 8.6% to 523 units (Q1 2022: 572 units). Affordable completions decreased by 40.6% to 171 units (Q1 2022: 288 units).

ASP for the 3 month period increased by 14.0% to £301,000 (Q1 2022: £264,000). Private ASP increased by 8.0% to £351,000 (Q1 2022: £325,000) due to house price inflation partly offset by regional mix and a slight decrease in unit size. Affordable ASP increased by 2.8% to £148,000 (Q1 2022: £144,000). The overall increase in ASP of 14.0% is greater than the respective increases in private and affordable ASPs due to a decrease in the proportion of affordable completions in the period to 25% (Q1 2022: 33%).

	3 months ended 31 Mar 2023 £m	3 months ended 31 Mar 2022 £m
Private revenue	183.5	185.8
Affordable revenue	25.3	41.5
Land sales	6.2	20.1
Other	3.8	5.9
Total revenue	**218.8**	**253.3**

	Units	Units
Private completions	523	572
Affordable completions	171	288
Core completions	**694**	**860**
Joint venture completions	17	13
Total completions	**711**	**873**

	£'000	£'000
Private ASP	351	325
Affordable ASP	148	144
Total ASP	**301**	**264**

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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. 1.14 €/£. 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 £16.1m and largely offsets the movement in exchange rates over the period.

Net cash outflow from operating activities for the 3 months ended 31 March 2023 was £1.0m (Q1 2022: £2.2m outflow), a decrease of £1.2m.

Net cash outflow from investing activities for the 3 months ended 31 March 2023 was £1.8m (Q1 2022: £922.5m outflow). The prior year period reflects the acquisition of MHGL on 31 March 2022.

There were cash outflows from financing activities of £0.5m in the 3 months to 31 March 2023 representing lease payments. The prior year period reflects a combination of new share capital issued and bridging finance offset by the repayment of former Senior Secured Notes.

	As at 31 Mar 2023 £m	As at 31 Dec 2022 £m	As at 31 Mar 2022 £m
Senior Secured Notes	(834.4)	(837.3)	(815.0)
Exchange rate swap	16.1	19.7	-
Lease liabilities	(7.9)	(8.3)	(6.6)
Cash and cash equivalents	186.5	189.8	121.0
Total external net debt (ex deferred financing costs)	**(639.7)**	**(636.1)**	**(700.6)**
Deferred financing costs	34.7	36.3	36.6
Total external net debt	**(605.0)**	**(599.8)**	**(664.0)**

	3 months ended 31 Mar 2023 £m	3 months ended 31 Mar 2022 £m
Net cashflow from operating activities	(1.0)	(2.2)
Net cashflow from investing activities	(1.8)	(922.5)
Net cashflow from financing activities	(0.5)	902.3
Movement in cash and cash equivalents	(3.3)	(22.4)
Transaction costs	-	(17.6)
Cash and cash equivalents at beginning of period	189.8	161.0
Cash and cash equivalents at end of period	**186.5**	**121.0**

* Cashflows for the 3 month period ended 31 March 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 31 March 2023 was an inflow of £9.2m compared to an inflow of £14.8m in the prior year period, which represents a variance of £5.6m. The variance was driven primarily by lower EBITDA and higher development spend, partly offset by reduced land investment and working capital movements.

The year-on-year variance in working capital is due to the prior period including a £13.0m pension contribution.

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 Mar 2023 £m	3 months ended 31 Mar 2022 £m
EBITDA	**36.2**	**48.6**
Net land investment less than/(in excess of) cost of sales	8.7	(6.6)
Development spend in excess of cost of sales	(36.2)	(7.5)
Change in working capital	1.7	(12.1)
Cash flows from JVs (not included in EBITDA)	(1.4)	(8.0)
Shared equity loan receivables	0.4	-
Other	(0.2)	0.4
Free cash flow*	**9.2**	**14.8**
Net land spend (included in cost of sales)	26.5	23.8
Net land investment in excess of cost of sales	(8.7)	6.6
Total net land spend	**17.8**	**30.4**
Free cash flow pre net land spend	**27.0**	**45.2**

*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

Capital employed is £643.7m as at 31 March 2023 (Dec 2022: £628.2m) primary due to higher net inventories partly offset by lower trade debtors and higher trade payables.

Return on capital employed is 31.9% compared to 35.2% for the 12 months ended 31 December 2022.

	As at and for the 12 months ended 31 Mar 2023 £m	As at and for the 12 months ended 31 Dec 2022 £m	As at and for the 12 months ended 31 Mar 2022 £m
Net assets	547.4	537.1	510.3
External net debt	605.0	599.8	664.0
Intangible assets *	(508.7)	(508.7)	(540.2)
Capital employed	643.7	628.2	634.1
Operating profit (pre exceptional items) **	204.1	216.6	203.0
ROCE (%)	**31.9%**	**35.2%**	**33.5%**

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

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

Capital Employed, Inventory and Landbank

The Group acquired 1 site (78 plots) in the 3 months ended 31 March 2023, which compares to 4 sites (688 plots) in the prior year period.

Net inventory increased by £38.5m 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 creditors are lower as result of the ongoing cautious approach to landbuying.

The owned landbank at 31 March 2023 has decreased to 10,122 plots (Gross development value: £3.0bn). All owned land which has a detailed planning permission is being developed.

The consented landbank has decreased to 13,131 plots (Dec 2022: 13,914 plots). Based on the last 12 months' core completions of 3,775 this represents 3.5 years' supply (Dec 2022: 3.5 years).

	As at 31 Mar 2023	As at 31 Dec 2022	As at 31 Mar 2022
Net inventory	£m	£m	£m
Land	471.9	502.7	549.6
Work in progress	406.1	363.0	337.0
Part exchange properties	4.0	3.2	0.4
Inventory	**882.0**	**868.9**	**887.0**
Land payables	(71.1)	(96.5)	(125.2)
Net inventory	**810.9**	**772.4**	**761.8**
Embedded landbank value*	£m	£m	£m
Estimated GDV	3,009.6	3,194.7	3,375.3
Estimated remaining development costs	(1,446.4)	(1,580.3)	(1,634.7)
Net land payables	(72.8)	(92.7)	(120.1)
Net proceeds from owned landbank	**1,490.4**	**1,521.7**	**1,620.5**
Net option value of strategic landbank	232.9	208.8	250.1
Total	**1,723.3**	**1,730.5**	**1,870.6**
Landbank	Plots	Plots	Plots
Owned / unconditional	10,122	10,724	11,593
Controlled	3,009	3,190	3,152
Consented	**13,131**	**13,914**	**14,745**
Strategic	43,931	39,203	39,168
Total	**57,062**	**53,117**	**53,913**

* 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 March 2023 based on the March 2023 baseline for selling prices.

5 Trading Update

Trading Update

- Our latest year-to-date private sales rate is 0.65 and has rebounded from 0.26 in Quarter 4 2022. There has been increasing momentum in recent months with the sales rate increasing to 0.72 during Quarter 2. This has meant that our year-to-date sales rate is now 13% down on the pre-pandemic average of 2018 and 2019 which compares to 23% at the end of March. That said, we are 30% below the post-pandemic average of 2021 and 2022.

- We entered the year with a 2023 forward sales position of £481m on 1,782 core and JV homes. This has now grown to £838m and 2,977 homes (and includes revenue on homes which we have completed in the year to date). 75% of the £838m sales value relates to homes which have either exchanged or completed.

- The current sales market continues to be more deal-led. On a net basis (i.e. after incentives of c. 4%), selling prices have been broadly flat in the current year.

- Good progress is being made with respect to our supply chain cost mitigation strategy. Material cost inflation for 2023 is estimated at 5% and our target is to achieve overall cost inflation of 3% across all areas of our supply chain.

- We re-entered the land market at the start of 2023 and are maintaining a selective approach, which is leading to more protracted negotiations around land valuation. As ever, our annual net land spend figure will be dependent upon a variety of factors, not least 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, the range of 3,250 to 3,600 units previously provided should continue to be achievable assuming a full year sales rate of 0.55 to 0.60.

6 Group Pro Forma Condensed Consolidated Financial Statements

Pro Forma Consolidated Income Statement

for the 3 month period ended 31 March 2023

	Note	3 months ended 31 Mar 2023 £m	3 months ended 31 Mar 2022 £m
Revenue		**218.8**	**253.3**
Cost of sales		(168.2)	(190.2)
Gross profit		**50.6**	**63.1**
Other operating income		0.3	0.2
Administrative expenses		(15.5)	(15.5)
Group operating profit		**35.4**	**47.8**
Share of result in joint ventures		0.1	0.2
Operating profit		**35.5**	**48.0**
Finance costs	*4*	(21.3)	(14.7)
Finance income	*5*	0.9	0.1
Net finance costs		(20.4)	(14.6)
Profit before taxation		**15.1**	**33.4**
Income taxes		(4.8)	(7.3)
Profit for the period		**10.3**	**26.1**

The result for the 3 month period ended 31 March 2022 was prepared on a pro forma basis as described on page 4.

Consolidated Statement of Financial Position

	Note	As at 31 Mar 2023 £m	As at 31 Dec 2022 £m	As at 31 Mar 2022 £m
Assets				
Non-current assets				
Intangible assets (incl goodwill)	*6*	551.7	551.7	553.7
Property, plant and equipment		8.1	7.9	6.8
Right of use assets		7.4	7.9	6.2
Investment in joint ventures		13.9	12.4	12.0
Shared equity loan receivables		3.2	3.5	4.6
Exchange rate swap		16.1	19.7	-
Retirement benefit obligations		8.2	8.2	20.2
		608.5	**611.3**	**603.5**
Current assets				
Inventories	*7*	882.0	868.9	887.0
Trade and other receivables		32.4	39.5	41.1
Cash and cash equivalents		186.5	189.8	121.0
		1,100.9	**1,098.2**	**1,049.1**
Total assets		**1,709.4**	**1,709.5**	**1,652.6**

Consolidated Statement of Financial Position *(continued)*

	Note	As at 31 Mar 2023 £m	As at 31 Dec 2022 £m	As at 31 Mar 2022 £m
Liabilities				
Non-current liabilities				
Loans and borrowings	*8*	(799.7)	(801.0)	(778.4)
Trade and other payables		(16.7)	(17.2)	(42.6)
Deferred tax		(34.5)	(34.3)	(10.9)
Lease liabilities		(5.4)	(5.8)	(4.7)
Provisions and deferred income		(33.1)	(33.1)	(12.8)
		(889.4)	**(891.4)**	**(849.4)**
Current liabilities				
Trade and other payables		(270.1)	(278.5)	(291.0)
Lease liabilities		(2.5)	(2.5)	(1.9)
		(272.6)	**(281.0)**	**(292.9)**
Total liabilities		**(1,162.0)**	**(1,172.4)**	**(1,142.3)**
Net assets		**547.4**	**537.1**	**510.3**
Equity				
Share capital		527.9	527.9	527.9
Retained earnings		19.5	9.2	(17.6)
Total equity attributable to owners of the parent		**547.4**	**537.1**	**510.3**

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

The March 2023 and March 2022 figures are unaudited.

Consolidated Cashflow Statement

for the 3 month period ended 31 March 2023

	3 months ended 31 Mar 2023 £m	3 months ended 31 Mar 2022 £m
Cash flows from operating activities		
Profit for the period	10.3	26.1
Depreciation	0.7	0.6
Finance income	(0.9)	(0.1)
Finance cost	21.3	14.7
Share of post tax result from joint ventures	(0.1)	(0.2)
Taxation	4.8	7.3
	36.1	48.4
Working capital movements:		
Movement in trade and other receivables	7.5	(9.1)
Movement in inventories	(15.0)	2.4
Movement in trade and other payables	(18.0)	(19.2)
Cash generated from operations	10.6	22.5
Interest paid	(9.3)	(16.3)
Corporation tax paid	(2.3)	(8.4)
Net cashflow from operating activities	**(1.0)**	**(2.2)**
Cash flows from investing activities		
Acquisition of Miller Homes Group Limited	-	(914.4)
Acquisition of property, plant and equipment	(0.4)	(0.4)
Movement in loans with joint ventures	(1.4)	(7.7)
Net cashflow from investing activities	**(1.8)**	**(922.5)**
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)	-	778.4
Lease payments	(0.5)	-
Repayment of senior secured notes	-	(404.0)
Net cashflow from financing activities	**(0.5)**	**902.3**
Movement in cash and cash equivalents	(3.3)	(22.4)
Transaction costs	-	(17.6)
Cash and cash equivalents at beginning of period	189.8	161.0
Cash and cash equivalents at end of period	**186.5**	**121.0**

1. Reconciliation of net cash flow to net debt	3 months ended 31 Mar 2023 £m	3 months ended 31 Mar 2022 £m
Movement in cash and cash equivalents	(3.3)	(22.4)
Issue of Senior Secured Notes (net of arrangement fees)	-	(778.4)
Repayment of Senior Secured Notes	-	404.0
Decrease in intercompany loan classed as debt	-	-
Transaction costs	-	(17.6)
Movement in Lease Liabilities	-	0.4
Non-cash movement*	(1.9)	(1.6)
Movement in external net debt in period	(5.2)	(415.6)
External net debt at beginning of period	(599.8)	(248.4)
External net debt at end of period	**(605.0)**	**(664.0)**

External net debt comprises:	As at 31 Mar 2023 £m	As at 31 Mar 2022 £m
Senior Secured Notes	(834.4)	(815.0)
Exchange rate swap	16.1	-
Cash and cash equivalents	186.5	121.0
Lease liabilities	(7.9)	(6.6)
Deferred financing costs	34.7	36.6
External net debt at end of period	**(605.0)**	**(664.0)**

* The non-cash movement for the 3 months ended 31 March 2023 represents £3.6m (Q1 2022: nil) unrealised loss on exchange rate swap offset by a £2.9m unrealised gain on FX translation of the Senior Secured Notes, £1.9m (Q1 2022: £0.8m) of arrangement fee amortisation and £0.1m 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 3 month ended 31 March 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 31 Mar 2023 £m	3 months ended 31 Mar 2022 £m
Interest payable on senior secured notes, bank loans and overdrafts	19.1	13.1
Imputed interest on land payables on deferred terms	1.5	1.5
Imputed interest on lease liabilities	0.7	0.1
	21.3	**14.7**

5. Finance income	3 months ended 31 Mar 2023 £m	3 months ended 31 Mar 2022 £m
Interest on loans to joint ventures	0.1	-
Other	0.8	0.1
	0.9	**0.1**

Notes to the Condensed Consolidated Financial Statements

miller homes

6. Intangible assets	As at 31 Mar 2023 £m	As at 31 Dec 2022 £m	As at 31 Mar 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 31 Mar 2023 £m	As at 31 Dec 2022 £m	As at 31 Mar 2022 £m
Land	471.9	502.7	549.6
Work in progress	406.1	363.0	337.0
Part exchange properties	4.0	3.2	0.4
	882.0	**868.9**	**887.0**

8. Loans and borrowings – non-current	As at 31 Mar 2023 £m	As at 31 Dec 2022 £m	As at 31 Mar 2022 £m
Senior Secured Notes	(834.4)	(837.3)	(815.0)
Deferred financing costs	34.7	36.3	36.6
	(799.7)	**(801.0)**	**(778.4)**

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 £834.4m (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 £16.1m (Dec 2022: £19.7m) exchange rate swap asset at the quarter end.