Quarterly Financial Report

For the 3 and 9 months ended
30 September 2023

Contents

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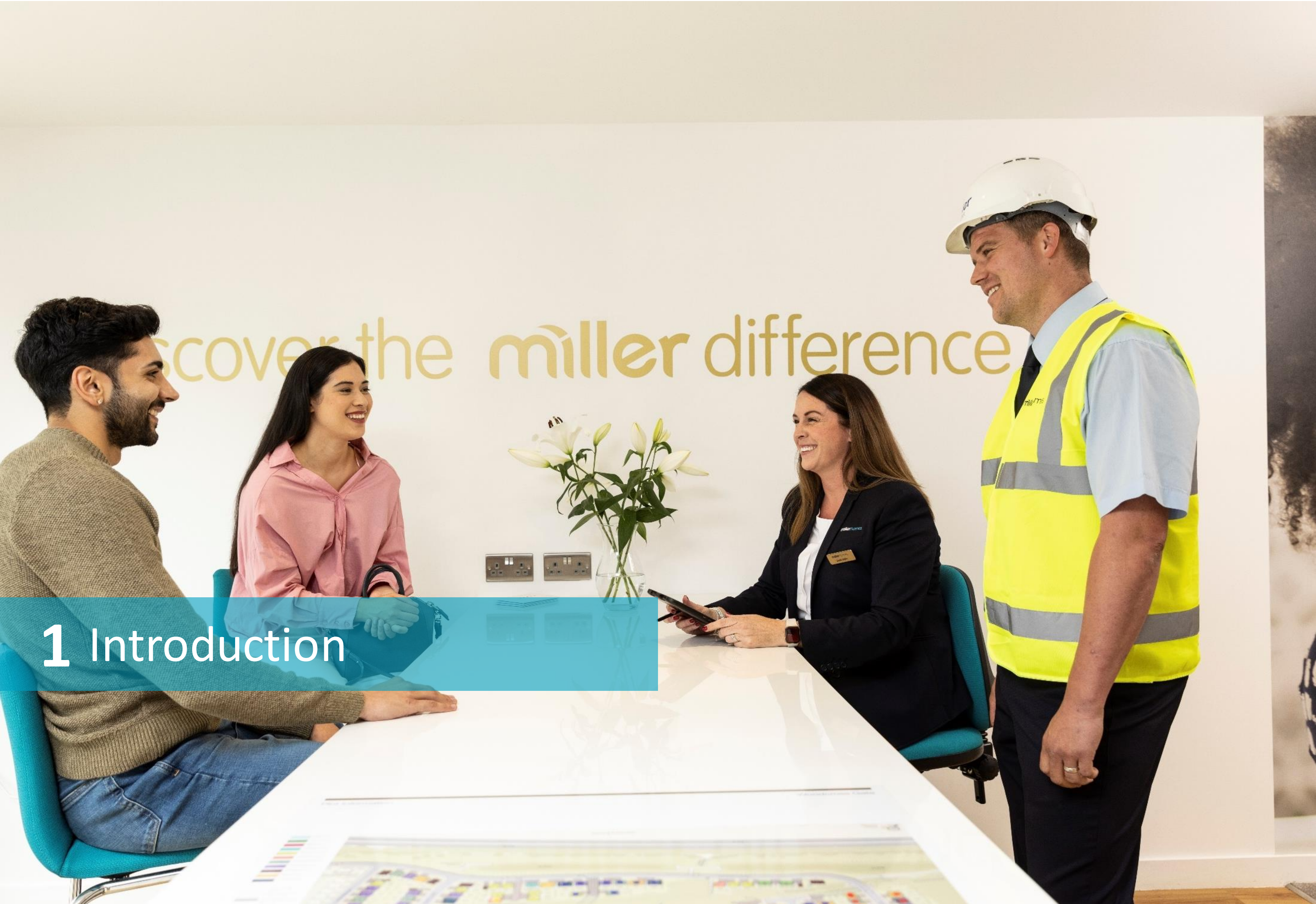

1 Introduction

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 9 months ended 30 September 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 6 month period ended 30 September 2022.

The figures for the 9 months to 30 September 2023 are unaudited whereas the figures for the 9 months to 30 September 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.

Scotland

Completions*	ASP (£000)*	Consented landbank**	Active Sites*
819	327	1,809	21
-5%	+0%	+1%	-5%

North

Completions*	ASP (£000)*	Consented landbank**	Active Sites*
1,585	263	5,989	31
+8%	+1%	-3%	+11%

Midlands & South

Completions*	ASP (£000)*	Consented landbank**	Active Sites*
1,365	269	5,294	23
-16%	-3%	-11%	+5%

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Completions*	ASP (£000)*	Consented landbank**	Active Sites*
3,769	278	13,092	75
-5%	-1%	-6%	+4%

* Last 12 months ended 30 September 2023. Percentage movement compared to year ended 31 December 2022. Includes JV units.
**As at 30 September 2023. Percentage movement compared to 31 December 2022. Includes JV units.

2 Operational and Financial Highlights

Operational and Financial Highlights

Financial overview

- The key proforma metrics are set out below:

	9 months ended 30 Sep 2023	9 months ended 30 Sep 2022
Total completions	2,539	2,740
Revenue	£724.7m	£803.3m
Gross profit	£162.4m	£194.7m
Gross margin	22.4%	24.2%
Operating profit	£114.1m	£145.2m
Operating margin	15.7%	18.1%
ROCE *	27.0%	31.9%

- Operating profit for the 9 months ended 30 September 2023 decreased by 21.4% to £114.1m (YTD 2022: £145.2m) resulting in an operating margin of 15.7% (YTD 2022: 18.1%).

- The decrease in operating profit was driven by a combination of:
    - a 7% decrease in total completions to 2,539 homes (YTD 2022: 2,740) which was due to a 10% reduction in private completions and a 5% reduction in affordable completions.
    - a 2% increase in the average selling price (ASP) to £288,000 (YTD 2022: £281,000) reflecting a 2% increase in private ASP and a 9% increase in affordable ASP.
    - a reduction in gross margin to 22.4% (YTD 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.

- EBITDA is £116.1m (YTD 2022: £147.2m).

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

Operational and Financial Highlights

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Trading

- Revenue
  - Revenue for the 9 months ended 30 September 2023 was £724.7m (YTD 2022: £803.3m), a decrease of 10%. This was largely due to core revenue derived from house sales being 7% down on the prior year period at £710.3m (YTD 2022: £761.2m) reflecting a 9% decrease in core completions offset by a 2% increase in ASP. The remainder of the decrease was due to land sales (£20.1m lower) and other revenue from Walker Timber (£7.6m lower). The decline in land sales reflected an unusually high level of such sales last year and the reduction in Walker Timber revenue 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 the 9 months ended 30 September 2023 were sold with client optional upgrades (YTD 2022: 92%). The average value of client options was £10,400 (YTD 2022: £9,800).

- Gross profit
  - Gross profit for the 9 months ended 30 September 2023 was £162.4m (YTD 2022: £194.7m) resulting in a gross margin of 22.4% (YTD 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 £65,200 (YTD 2022: £71,900).

- Administrative expenses
  - YTD 2023 administrative expenses were lower at £50.0m (YTD 2022: £50.6m).

Land

- 4 sites (963 plots) were acquired in Q3, bringing us to 9 sites (1,657 plots) for the 9 months ended 30 September 2023. This compares to 16 sites (2,263 plots) acquired in the prior year to date period. Our net land spend is £74.8m (YTD 2022: £126.4m), which reflects £30.2m (YTD 2022: £88.2m) on new site acquisitions and £44.6m (YTD 2022: £38.2m) on the deferred element of prior year deals.

- The reduction in land buying activity has resulted in a fall in land payables to £69.6m (Dec 2022: £96.5m), of which £50.7m (Dec 2022: £79.3m) is payable within one year. The value of exchanged conditional contracts has dropped to £25.9m (Dec 2022: £29.6m) of which £7.2m (Dec 2022: £20.9m) is likely to be payable within one year.

- The owned landbank is 9,921 plots, a 7% decrease on the December 2022 landbank of 10,724 plots. Combined with 3,171 plots in the controlled landbank (Dec 2022: 3,190 plots), this results in a consented landbank of 13,092 plots (Dec 2022: 13,914 plots), representing 3.6 years' supply (Dec 2022: 3.5 years), based on the last 12 months' completions.

- The strategic landbank has increased by 11% to 43,661 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 period end cash balance was £183.4m (Jun 2023: £181.2m).
- The Group's RCF is £194m. 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).
- Free cash flow for the 9 months to 30 September 2023 was a £49.6m inflow (YTD 2022: £32.2m inflow) with reduced land spend, lower JV investment and improved working capital offset by lower EBITDA and increased development spend.
- Net LTV* is 78%, based on net inventory of £819.9m and net debt** of £642.2m and compares to 81% at 30 June 2023.
- Net leverage is 3.4x, based on LTM EBITDA (excluding exceptional items) of £188.5m and net debt** of £642.2m. This compares to the net leverage position at 30 June 2023 of 3.2x.
- Embedded land bank value*** is £1,664m (Jun 2023: £1,676m) which is 2.6x net debt** (Jun 2023: 2.6x).

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

** Excludes the capitalisation of deferred financing costs (£31.8m) – 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 September 2023 based on the September 2023 baseline for selling prices.

Financial Highlights

Revenue for the 3 months to 30 September 2023 decreased by 10.5% to £240.6m (Q3 2022: £268.7m), mainly reflecting a 1.8% decrease in core completions and a 5.8% decline in core ASP, which is a function of a 2.9% reduction in private ASP and a greater proportion of affordable sales.

Gross profit for the 3 months to 30 September 2023 was £52.9m (Q3 2022: £64.4m). Gross margin in the 3 month period was 22.0% (Q3 2022: 24.0%)

Administrative expenses for the 3 months to 30 September 2023 were 5.3% higher at £18.0m (Q3 2022: £17.1m).

Net finance costs in the 3 month period ended 30 September 2023 were £18.9m (Q3 2022: £18.4m).

	3 months ended 30 Sep 2023 £m	3 months ended 30 Sep 2022 £m	% change	9 months ended 30 Sep 2023 £m	9 months ended 30 Sep 2022 £m	% change
Revenue	240.6	268.7	(10.5)	724.7	803.3	(9.8)
Cost of sales	(187.7)	(204.3)	8.1	(562.3)	(608.6)	7.6
Gross profit	52.9	64.4	(17.9)	162.4	194.7	(16.6)
Other operating income	0.3	0.4	(25.0)	1.1	0.8	37.5
Administrative expenses	(18.0)	(17.1)	(5.3)	(50.0)	(50.6)	1.2
Group operating profit	35.2	47.7	(26.2)	113.5	144.9	(21.7)
Share of result in joint ventures	0.3	(0.1)	400.0	0.6	0.3	100.0
Operating profit	**35.5**	**47.6**	**(25.4)**	**114.1**	**145.2**	**(21.4)**
Net finance costs	(18.9)	(18.4)	(2.7)	(59.4)	(50.2)	(18.3)
Profit before taxation	16.6	29.2	(43.2)	54.7	95.0	(42.4)
Income taxes	(5.0)	(6.5)	23.1	(16.6)	(22.1)	24.9
Profit for the period	**11.6**	**22.7**	**(48.9)**	**38.1**	**72.9**	**(47.7)**
Gross margin %	22.0%	24.0%	-200bps	22.4%	24.2%	-180bps
Operating margin %	14.8%	17.7%	-290bps	15.7%	18.1%	-240bps
Profit for the period	11.6	22.7	(48.9)	38.1	72.9	(47.7)
Income taxes	5.0	6.5	23.1	16.6	22.1	24.9
Net finance costs	18.9	18.4	(2.7)	59.4	50.2	(18.3)
Depreciation	0.7	0.9	22.2	2.0	2.0	-
EBITDA	**36.2**	**48.5**	**(25.4)**	**116.1**	**147.2**	**(21.1)**

Financial Highlights

Analysis of revenues, completions and ASP

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Private revenue for the 3 months ended 30 September 2023 decreased by 15.2% to £193.4m (Q3 2022: £228.0m), which was driven by a 12.5% decrease in completions and a 2.9% decrease in ASP.

Affordable revenue increased by 51.3% to £45.1m (Q3 2022: £29.8m) driven by higher completions and higher ASP in the quarter.

There were no **land sales** in the quarter (Q3 2022: £6.2m).

Other revenue of £2.1m (Q3 2022: £4.7m) is revenue from the sale of timber products by Walker Timber to external customers.

Core completions fell by 1.8% to 865 units (Q3 2022: 881 units). Private completions decreased by 12.5% to 586 units (Q3 2022: 670 units). Affordable completions increased by 32.2% to 279 units (Q3 2022: 211 units).

The overall ASP for the 3 month period decreased by 5.8% to £276,000 (Q3 2022: £293,000) reflecting a decrease in the private ASP and an increase in the proportion of affordable completions in the period to 32% (Q3 2022: 24%). Private ASP decreased by 2.9% to £330,000 (Q3 2022: £340,000) due to a greater proportion of completions in the North division where ASPs are lower than other areas. Affordable ASP increased by 14.9% to £162,000 (Q3 2022: £141,000).

	3 months ended 30 Sep 2023 £m	3 months ended 30 Sep 2022 £m	9 months ended 30 Sep 2023 £m	9 months ended 30 Sep 2022 £m
Private revenue	193.4	228.0	602.1	656.8
Affordable revenue	45.1	29.8	108.2	104.4
Land sales	-	6.2	6.2	26.3
Other	2.1	4.7	8.2	15.8
Total revenue	**240.6**	**268.7**	**724.7**	**803.3**
	Units	**Units**	**Units**	**Units**
Private completions	586	670	1,774	1,977
Affordable completions	279	211	695	732
Core completions	**865**	**881**	**2,469**	**2,709**
Joint venture completions	30	6	70	31
Total completions	**895**	**887**	**2,539**	**2,740**
	£'000	**£'000**	**£'000**	**£'000**
Private ASP	330	340	339	332
Affordable ASP	162	141	156	143
Total ASP	**276**	**293**	**288**	**281**

3 Net Debt, Liquidity and Cashflow

Net Debt, Liquidity and Cashflow

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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 £9.8m 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 30 September 2023 was £5.0m (Q3 2022: £17.0m outflow), an improvement of £22.0m. This was mainly driven by lower development spend (£26.3m) and reduced net land spend (£9.3m) offset by lower core turnover (£19.3m).

Net cash outflow from investing activities for the 3 months ended 30 September 2023 was £1.9m (Q3 2022: £3.1m outflow).

Cash outflow from financing activities was £0.9m in the 3 months to 30 September 2023 representing £0.5m lease payments and £0.4m arrangement fees for the £14.0m RCF extension in August 2023.

	As at 30 Sep 2023 £m	As at 31 Dec 2022 £m	As at 30 Sep 2022 £m
Senior Secured Notes	(828.3)	(837.3)	(815.0)
Exchange rate swap	9.8	19.7	-
Lease liabilities	(7.1)	(8.3)	(5.8)
Cash and cash equivalents	183.4	189.8	100.7
Total external net debt	**(642.2)**	**(636.1)**	**(720.1)**
Deferred financing costs	31.8	36.3	37.7
Total external net debt	**(610.4)**	**(599.8)**	**(682.4)**

	3 months ended 30 Sep 2023 £m	3 months ended 30 Sep 2022 £m	9 months ended 30 Sep 2023 £m	9 months ended 30 Sep 2022 £m
Net cashflow from operating activities	5.0	(17.0)	1.0	(12.2)
Net cashflow from investing activities	(1.9)	(3.1)	(5.5)	(923.5)
Net cashflow from financing activities	(0.9)	(0.5)	(1.9)	896.5
Movement in cash and cash equivalents	2.2	(20.6)	(6.4)	(39.2)
Transaction costs	-	-	-	(21.1)
Cash and cash equivalents at beginning of period	181.2	121.3	189.8	161.0
Cash and cash equivalents at end of period	**183.4**	**100.7**	**183.4**	**100.7**

* Cashflows for the 3 and 9 month periods ended 30 September 2022 have been restated to treat lease payments as a financing activity.

Net Debt, Liquidity and Cashflow

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Free cash flow for the 3 months ended 30 September 2023 was an inflow of £16.7m compared to an outflow of £5.1m in the prior year period, which represents a variance of £21.8m. The variance was driven primarily by reduced development spend, lower net land investment and higher working capital inflows offset by lower EBITDA.

The change in working capital for the 3 month period to 30 September 2023 reflects the repayment in full of the £8.0m short term loan made to the Miller pension scheme for liquidity and hedging purposes in June 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 Sep 2023 £m	3 months ended 30 Sep 2022 £m	9 months ended 30 Sep 2023 £m	9 months ended 30 Sep 2022 £m
EBITDA	**36.2**	**48.5**	**116.1**	**147.2**
Net land investment (in excess of)/less than cost of sales	(5.0)	(9.6)	23.1	(19.7)
Development spend (in excess of)/less than cost of sales	(21.8)	(44.8)	(75.1)	(62.2)
Change in working capital**	10.5	2.4	(7.8)	(27.1)
Cash flows from JVs (not included in EBITDA)	(2.0)	(2.2)	(5.5)	(8.2)
Shared equity loan receivables	0.1	0.3	0.5	1.1
Other	(1.3)	0.3	(1.7)	1.1
Free cash flow*	**16.7**	**(5.1)**	**49.6**	**32.2**
Net land spend (included in cost of sales)	35.2	39.8	97.9	106.7
Net land investment (less than)/in excess of cost of sales	5.0	9.6	(23.1)	19.7
Total net land spend	**40.2**	**49.4**	**74.8**	**126.4**
Free cash flow pre net land spend	**56.9**	**44.3**	**124.4**	**158.6**

* 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 and 9 months ended 30 September 2022 have been restated to include lease payments.

4 Capital Employed, Inventory and Landbank

Capital Employed, Inventory and Landbank

Capital employed is £676.9m as at 30 September 2023 (Dec 2022: £628.2m). The increase is primarily due to lower trade payables and a higher net inventories balance.

Return on capital employed is 27.0% compared to 35.2% for the 12 months ended 31 December 2022.

	As at and for the 12 months ended 30 Sep 2023 £m	As at and for the 12 months ended 31 Dec 2022 £m	As at and for the 12 months ended 30 Sep 2022 £m
Net assets	575.2	537.1	553.6
External net debt	610.4	599.8	682.4
Intangible assets *	(508.7)	(508.7)	(540.2)
Capital employed	676.9	628.2	695.8
Operating profit (pre exceptional items) **	185.5	216.6	201.3
ROCE (%)	**27.0%**	**35.2%**	**31.9%**

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

** Operating profit (pre exceptional items) for the twelve months ended 30 September 2023 and 31 December 2022 excludes exceptional items of £75.5m (12 months ended 30 September 2022: £10.9m).

Capital Employed, Inventory and Landbank

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The Group acquired 9 sites (1,657 plots) in the 9 months ended 30 September 2023, which compares to 16 sites (2,263 plots) in the prior year period.

Net inventory has increased by £47.5m in the period largely due to higher work in progress, reflecting construction starts brought forward ahead of the building standards changes that took effect in June 2023. Land payables are lower as result of the cautious approach to landbuying adopted over the past 12 months.

The owned landbank at 30 September 2023 has decreased to 9,921 plots (Gross development value: £3.0bn). All owned land which has a detailed planning permission is being developed.

The consented landbank has decreased to 13,092 plots (Dec 2022: 13,914 plots). Based on the last 12 months' core completions of 3,681 this represents 3.6 years' supply (Dec 2022: 3.5 years).

	As at 30 Sep 2023	As at 31 Dec 2022	As at 30 Sep 2022
Net inventory	£m	£m	£m
Land	460.1	502.7	539.5
Work in progress	423.6	363.0	397.4
Part exchange properties	5.8	3.2	0.5
Inventory	**889.5**	**868.9**	**937.4**
Land payables	(69.6)	(96.5)	(108.3)
Net inventory	**819.9**	**772.4**	**829.1**
Embedded landbank value*	£m	£m	£m
Estimated GDV	2,974.4	3,194.7	3,352.9
Estimated remaining development costs	(1,461.4)	(1,580.3)	(1,616.3)
Net land payables	(75.9)	(92.7)	(98.3)
Net proceeds from owned landbank	**1,427.1**	**1,521.7**	**1,638.3**
Net option value of strategic landbank	236.7	208.8	251.0
Total	**1,663.8**	**1,730.5**	**1,889.3**
Landbank	Plots	Plots	Plots
Owned / unconditional	9,921	10,724	11,220
Controlled	3,171	3,190	3,306
Consented	**13,092**	**13,914**	**14,526**
Strategic	43,661	39,203	39,666
Total	**56,753**	**53,117**	**54,192**

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

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5 Trading Update

Trading Update

- Our latest year-to-date private sales rate is 0.57. This has meant that our year-to-date private sales rate is now 17% down on the pre-pandemic average of 2018 and 2019 which is similar to the 16% reported previously. Against last year, our sales rate is 15% lower, an improvement on the 24% decline at the last reporting date at the end of August. The improvement over the last 3 months reflects a private sales rate of 0.48 compared to 0.41 in the prior year.

- In relation to full year 2023 volumes, our previous guidance was 3,350 - 3,500 units. We now believe we can exceed the upper end of this range resulting in full year revenue of c.£1 billion.

- Our latest forward sales for the next 12 months through to 30 November 2024 is £490m (2022: £610m) of which £314m (2022: £402m) relates to homes where contracts have been exchanged.

- We continue 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 at 5% of current year reservations being assisted with this incentive and compares to our historic average of c.15%.

- We have achieved our full year target of 3% overall cost inflation across all areas of our supply chain. We are now focussed on cost reduction across all areas of our supply chain with negotiations ongoing with regional subcontractors and national suppliers.

- In relation to the land market, we remain active but are re-basing values to reflect the current market. We had acquired 9 sites at the end of September which has since increased to 12 sites at the date of this report. In addition, the net land spend of £74.8m at the end of the quarter has since increased to £88.0m. We are working on a number of deals currently which carry a degree of uncertainty from a timing perspective. As a result, the range for full year net land spend is £150m to £170m, which in turn would result in the owned landbank increasing to 11,000 to 12,000 plots.

Trading Update

- Update on our sales strategy:
  - Historically, our sales volumes have been derived primarily through two tenures, private homes and affordable homes with the latter being delivered to registered providers. Sales to registered providers have primarily arisen from planning conditions to sell affordable homes and to a lesser extent additional volumes on larger sites using a mixed tenure approach of predominantly sales for the rental market. This creates a third route to market. An example of this was highlighted in the 2022 Annual Report (page 8) at our Springwood Park site in Yorkshire with a mixed tenure approach enabling annual volumes of 100 units from this site in 2022.
  - We have continued with this mixed tenure approach in 2023 and expanded it to include sales to Private Rental Sector (PRS) institutions as well as registered providers, the majority of which is for the rental market. We are attracted to this Partnership model as (1) it mitigates risk on larger sites by providing volume certainty (2) accelerates cash returns and (3) expands our land-buying envelope by underpinning cash receipts to support the acquisition of sites which are larger than our typical sites of c.150 units.
  - As a result of this increased activity, our 2023 volumes from Partnership sales are likely to be around 400 homes which compares to 274 homes in 2022. On a medium-term basis, we expect this to be a more material proportion of the business going forward.

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6 Group Pro Forma Condensed Consolidated Financial Statements

Pro Forma Consolidated Income Statement

for the 3 and 9 month periods ended 30 September 2023

	Note	3 months ended 30 Sep 2023 £m	3 months ended 30 Sep 2022 £m	9 months ended 30 Sep 2023 £m	9 months ended 30 Sep 2022 £m
Revenue		**240.6**	**268.7**	**724.7**	**803.3**
Cost of sales		(187.7)	(204.3)	(562.3)	(608.6)
Gross profit		**52.9**	**64.4**	**162.4**	**194.7**
Other operating income		0.3	0.4	1.1	0.8
Administrative expenses		(18.0)	(17.1)	(50.0)	(50.6)
Group operating profit		**35.2**	**47.7**	**113.5**	**144.9**
Share of result in joint ventures		0.3	(0.1)	0.6	0.3
Operating profit		**35.5**	**47.6**	**114.1**	**145.2**
Finance costs	*4*	(20.9)	(18.5)	(63.9)	(50.6)
Finance income	*5*	2.0	0.1	4.5	0.4
Net finance costs		(18.9)	(18.4)	(59.4)	(50.2)
Profit before taxation		**16.6**	**29.2**	**54.7**	**95.0**
Income taxes		(5.0)	(6.5)	(16.6)	(22.1)
Profit for the period		**11.6**	**22.7**	**38.1**	**72.9**

The result for the 9 month period ended 30 September 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 Sep 2023 £m	As at 31 Dec 2022 £m	As at 30 Sep 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	7.2
Right of use assets		6.4	7.9	5.2
Investment in joint ventures		17.9	12.4	12.3
Shared equity loan receivables		3.0	3.5	3.6
Exchange rate swap		9.8	19.7	-
Retirement benefit obligations		8.2	8.2	20.2
		605.0	**611.3**	**602.2**
Current assets				
Inventories	*7*	889.5	868.9	937.4
Trade and other receivables		28.0	39.5	51.8
Cash and cash equivalents		183.4	189.8	100.7
		1,100.9	**1,098.2**	**1,089.9**
Total assets		**1,705.9**	**1,709.5**	**1,692.1**

Consolidated Statement of Financial Position *(continued)*

	Note	As at 30 Sep 2023 £m	As at 31 Dec 2022 £m	As at 30 Sep 2022 £m
Liabilities				
Non-current liabilities				
Loans and borrowings	*8*	(796.5)	(801.0)	(777.3)
Trade and other payables		(18.9)	(17.2)	(27.8)
Deferred tax		(34.4)	(34.3)	(12.8)
Lease liabilities		(4.6)	(5.8)	(3.9)
Provisions and deferred income		(31.3)	(33.1)	(12.5)
		(885.7)	**(891.4)**	**(834.3)**
Current liabilities				
Trade and other payables		(242.5)	(278.5)	(302.3)
Lease liabilities		(2.5)	(2.5)	(1.9)
		(245.0)	**(281.0)**	**(304.2)**
Total liabilities		**(1,130.7)**	**(1,172.4)**	**(1,138.5)**
Net assets		**575.2**	**537.1**	**553.6**
Equity				
Share capital		527.9	527.9	527.9
Retained earnings		47.3	9.2	25.7
Total equity attributable to owners of the parent		**575.2**	**537.1**	**553.6**

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

The September 2023 and September 2022 figures are unaudited.

Consolidated Cashflow Statement

for the 3 and 9 month periods ended 30 September 2023

	3 months ended 30 Sep 2023 £m	3 months ended 30 Sep 2022 £m	9 months ended 30 Sep 2023 £m	9 months ended 30 Sep 2022 £m
Cash flows from operating activities				
Profit for the period	11.6	22.7	38.1	72.9
Depreciation	0.7	0.9	2.0	2.0
Finance income	(2.0)	(0.1)	(4.5)	(0.4)
Finance cost	20.9	18.5	63.9	50.6
Share of post tax result from joint ventures	(0.3)	0.1	(0.6)	(0.3)
Taxation	5.0	6.5	16.6	22.1
	35.9	48.6	115.5	146.9
Working capital movements:				
Movement in trade and other receivables	15.6	7.0	12.0	(18.8)
Movement in inventories	(11.1)	(35.8)	(23.9)	(51.2)
Movement in trade and other payables	(22.0)	(22.5)	(49.1)	(36.8)
Cash generated from operations	18.4	(2.7)	54.5	40.1
Interest paid	(9.5)	(8.4)	(42.1)	(30.0)
Corporation tax paid	(3.9)	(5.9)	(11.4)	(22.3)
Net cashflow from operating activities	**5.0**	**(17.0)**	**1.0**	**(12.2)**
Cash flows from investing activities				
Acquisition of Miller Homes Group Limited	-	-	-	(914.4)
Acquisition of property, plant and equipment	(0.2)	(0.7)	(0.6)	(1.2)
Movement in loans with joint ventures	(1.7)	(2.4)	(4.9)	(7.9)
Net cashflow from investing activities	**(1.9)**	**(3.1)**	**(5.5)**	**(923.5)**
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)	-	-	-	774.1
Arrangement fees	(0.4)	-	(0.4)	-
Lease payments	(0.5)	(0.5)	(1.5)	(1.5)
Repayment of senior secured notes	-	-	-	(404.0)
Net cashflow from financing activities	**(0.9)**	**(0.5)**	**(1.9)**	**896.5**
Movement in cash and cash equivalents	2.2	(20.6)	(6.4)	(39.2)
Transaction costs	-	-	-	(21.1)
Cash and cash equivalents at beginning of period	181.2	121.3	189.8	161.0
Cash and cash equivalents at end of period	**183.4**	**100.7**	**183.4**	**100.7**

Notes to the Condensed Consolidated Financial Statements

1. Reconciliation of net cash flow to net debt

	3 months ended 30 Sep 2023 £m	3 months ended 30 Sep 2022 £m	9 months ended 30 Sep 2023 £m	9 months ended 30 Sep 2022 £m
Movement in cash and cash equivalents	2.2	(20.6)	(6.4)	(39.2)
Issue of Senior Secured Notes (net of arrangement fees)	-	-	-	(774.1)
Repayment of Senior Secured Notes	-	-	-	404.0
Arrangement fee for £14m RCF extension	0.4	-	0.4	-
Transaction costs	-	-	-	(21.1)
Movement in lease liabilities	0.5	0.4	1.5	1.2
Non-cash movement*	(1.7)	(1.6)	(6.1)	(4.8)
Movement in external net debt in period	1.4	(21.8)	(10.6)	(434.0)
External net debt at beginning of period	(611.8)	(660.6)	(599.8)	(248.4)
External net debt at end of period	**(610.4)**	**(682.4)**	**(610.4)**	**(682.4)**

External net debt comprises:	As at 30 Sep 2023 £m	As at 31 Dec 2022 £m	As at 30 Sep 2022 £m
Senior Secured Notes	(828.3)	(837.3)	(815.0)
Exchange rate swap	9.8	19.7	-
Cash and cash equivalents	183.4	189.8	100.7
Lease liabilities	(7.1)	(8.3)	(5.8)
Deferred financing costs	31.8	36.3	37.7
External net debt at end of period	**(610.4)**	**(599.8)**	**(682.4)**

* The non-cash movement for the 3 months ended 30 September 2023 represents £1.6m (Q3 2022: £1.6m) of arrangement fee amortisation and £0.1m lease liability interest.

* The non-cash movement for the 9 months ended 30 September represents £4.9m (YTD 2022: £4.8m) of deferred financing costs, £0.9m net unrealised loss on the FX translation of the Senior Secured Notes and exchange rate swap and £0.3m 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 9 months ended 30 September 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 Sep 2023 £m	3 months ended 30 Sep 2022 £m	9 months ended 30 Sep 2023 £m	9 months ended 30 Sep 2022 £m
Interest payable on Senior Secured Notes, bank loans and overdrafts	20.5	16.9	59.4	45.8
Net foreign exchange loss	0.1	-	1.0	-
Imputed interest on land payables on deferred terms	0.3	1.5	3.3	4.5
Imputed interest on lease liabilities	-	0.1	0.2	0.3
	20.9	**18.5**	**63.9**	**50.6**

5. Finance income

	3 months ended 30 Sep 2023 £m	3 months ended 30 Sep 2022 £m	9 months ended 30 Sep 2023 £m	9 months ended 30 Sep 2022 £m
Interest on loans to joint ventures	0.1	0.1	0.4	0.2
Other	1.9	-	4.1	0.2
	2.0	**0.1**	**4.5**	**0.4**

6. Intangible assets	As at 30 Sep 2023 £m	As at 31 Dec 2022 £m	As at 30 Sep 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 Sep 2023 £m	As at 31 Dec 2022 £m	As at 30 Sep 2022 £m
Land	460.1	502.7	539.5
Work in progress	423.6	363.0	397.4
Part exchange properties	5.8	3.2	0.5
	889.5	**868.9**	**937.4**

8. Loans and borrowings – non-current	As at 30 Sep 2023 £m	As at 31 Dec 2022 £m	As at 30 Sep 2022 £m
Senior Secured Notes	(828.3)	(837.3)	(815.0)
Deferred financing costs	31.8	36.3	37.7
	(796.5)	**(801.0)**	**(777.3)**

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 £828.3m (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 £9.8m (Dec 2022: £19.7m) exchange rate swap asset at the quarter end.