29 November 2022

Platform Housing Group Limited

Results for the six months to 30 September 2022

Highlights

- Strong turnover growth in core lettings business to £124m (September 2021: £116m)
- Shared ownership sales of £19m (September 2021: £27m): values higher, volumes and quantum down due to position in development cycle
- Overall turnover up 1% to £152m (September 2021: £151m)
- Impacts of Brexit, war in Ukraine and political instability affecting the economic landscape, pushing up materials costs and reducing labour availability
- Operating surpluses down by 1.3% to £46.3m (September 2021: £46.9m), driven by maintenance expenditures
- Debt book restructured with £165m prepaid to reduce interest costs and optimise covenants
- A+ rating affirmed with Fitch, outlook to negative in line with the UK Sovereign and S&P rating remains A+ with stable outlook.

At or for the six months to 30 September	2021	2022	Change
Turnover	£150.5m	£151.6m	0.7%
Operating surplus[(1)]	£46.9m	£46.3m	-1.3%
New homes completed	715	475	-33.6%
Investment in new and existing homes	£98.1m	£114.6m	16.9%
Share of turnover from social housing lettings	77.3%	81.9%	4.6%
Social housing lettings margin[(2)]	37.0%	35.6%	-1.4%
Current tenant arrears[(3)(4)]	2.96%	3.02%	0.06%
Gearing[(2)(4)]	41.9%	42.8%	0.9%
EBITDA-MRI interest cover[(2)]	197%	228%	31%

Notes
(1) Surplus excluding gains on disposal of property, plant and equipment
(2) Regulator for Social Housing Value for Money metric; for more information go to https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1066373/20220404_Value-for-Money-metrics-Technical-note-guidance_FINAL.pdf
(3) Current tenant arrears includes all general needs tenants (this excludes shared ownership properties)
(4) Figures as at 30 September (as opposed to accumulated over the period to September)

Elizabeth Froude, Platform's CEO commented:
"Whilst the world around us is stressed and we all experience continuing high cost inflation, Platform continue to focus on delivering our core strategy, whilst modelling the impact of ongoing events in the wider UK economy.

Our margins remain strong although down very slightly on earlier trading periods. This is primarily a reflection of the high cost inflation on all materials needed for ongoing maintenance and investment in our existing homes and energy improvement works.

Never has the need for this type of work been more needed and the high levels of spend reflect both increases in cost and volume of works being done.

Sales of shared ownership remains strong with both values and proportions sold up year on year. We are seeing some slow down on delivery of new supply for sale, this is however partially being driven by our increasing focus on quality of homes at handover.

Our core business remains one with a focus on protecting financial strength to ensure we can deliver quality services and new homes for our residents. We are still a strong cash generative business and maintaining a low cost base, whilst investing in technology to modernise customer services and strengthen the voice and visibility of our customers.

We are undoubtedly heading in to challenging times, but feel we are setting our business up to move forward in as controlled a way as possible.

I am sure you will see the trading performance of a business which is a good and consistent investment."

Virtual presentation for the credit community to be hosted by

Elizabeth Froude, CEO and Rosemary Farrar, CFO

29 November 2022, 11.30am
Microsoft Teams invite available on request: contact below

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Operating review

Introduction

In the six months to September a Russian induced war in Ukraine, strict covid lockdowns in China and a tumultuous political landscape in the UK has driven high cost inflation and resulted in a cost of living crisis, affecting our customers, colleagues and costs. The well-being of our customers remained our top priority during this period and we continue to assist by offering support, advice and through our well-being fund, which has been increased to £2m (up from £1.75m) to ensure we can offer targeted help to those most in need.

We continue to navigate the challenging economic environment and are well placed to deliver our strategic objectives following the UK Government's Budget announcements on social rents, benefits and other relevant measures on 17th November 2022.

Our metrics remain robust, with overall turnover 1% higher than the prior year period. Lettings turnover, which represents our core operations and 82% of overall turnover, was up 6.7%, with shared ownership sales down 31%, due to the position in the development cycle. Operating surpluses and margins were lower than the prior year as high cost inflation and a shortage of labour supply was experienced in our maintenance division. In spite of this our margins continue to be sector leading and we remain committed to the maintenance of our credit metrics.

Service review

Supporting our customers, welfare benefits and arrears
The economic headwinds affecting the UK continue to weigh heavily on our customers. Whilst we have yet to see a material impact on our key operational metrics, many of our customers, including the most vulnerable, are acutely affected by the rising costs of food and energy. We have seen applications to our well-being fund for essential support (food, energy and clothing costs) more than double on the prior year and have increased the value of the fund to £2m as a consequence (an increase of £0.25m). We continue to help with an array of support measures, including advice for benefits, debt management and employment coaching. We have also invested in energy efficiency and fuel poverty training for staff, which will help us to provide more comprehensive support in this area. In addition to these measures a Cost of Living Working Group has been established which will analyse the impacts of pressures on our customers, colleagues and business, providing recommendations as required.

Customer satisfaction continues to be gauged using our suite of surveys, which has been enabled through continued investment in our IT systems. The number of surveys was extended in the half year, including customers' experience with our call centre, new homes and void works. We are pleased to report that we exceeded our 75% target for two months of the period and averaged 74%, despite very challenging operating conditions.

Our arrears performance, including customers in receipt of Universal Credit ('UC'), general needs and shared ownership tenants, remains robust with arrears of 3.02% only slightly up on the prior year (2.96%). Within this, arrears from customers in receipt of UC continued to perform well, being 3.15% at 30 September 2022, down from 3.32% at 30 September 2021.

Growth in the number of customers receiving UC continued during the half year, with 15,952 in receipt of UC at 30 September 2022, a growth of 16% in comparison to 30 September 2021 (13,702 customers). The average monthly increase in customers in receipt of UC was just under 200, which is in line with historical averages (excluding the period affected by covid).

Voids management
During the half year the number of voids began to reduce after a period of elevation. In the prior year voids had experienced increases due to both higher levels of properties being handed back and longer repairs times due to labour availability. However, the number of new voids has begun to reduce as the number of homes handed back returns to pre-covid averages. The number of homes awaiting repair has also experienced positive reductions following recruitment into our maintenance division. There were 451 voids at September 2022 (September 2021: 667), of which 311 were awaiting repair and 45 were newly completed shared ownership units awaiting sale. Re-let days were 66 (September 2021: 54), with 43 days on average taken to carry out repairs. Re-let days have been adversely affected by the successful letting of some long term voids following an increase in marketing activity. This is expected to affect re-lets as we head into the second half of the year, although it is expected that the number of days will come down towards the year end.

Digital integration and security
The roll out of Platform's Digital Business Strategy included further phases of our ERP project during the period, improving case management of anti-social behaviour and reporting. The investment in the project has also allowed us to develop and implement new tools to enhance customer service, including our new safeguarding app, which has been shortlisted for a UK Housing award. Our customer portal, Your Platform, continues to grow in users, with an average of 12,000 logins per month, an increase of 7,000 from the prior year. Analysis of our customer interactions highlight that c40% are now completed using digital channels. We remain committed to robust management of cyber security, as demonstrated through the maintenance of ISO27001 information security certification, the international standard for information security.

Asset management
During the half year Platform has focussed efforts on providing high quality asset management, whilst clearing the backlog of jobs created during the period of Covid-19, in spite of increasing costs, labour shortages and supply chain issues.

We have improved our lettable standard, which determines the breadth and scope of repair works undertaken to properties that become void before they are re-let to new tenants. This has added further pressure to the time it takes to complete repairs, however, the recruitment of a number of new posts, in addition to working with our contractor partners, has started to impact the backlog of jobs. In the three months to September the backlog was halved and is expected to have caught up before the end of the financial year.

Repairs satisfaction has improved during the period, averaging 89% over the past three months and finishing the period at 89% (30 September 2021: 85%). The main source of dissatisfaction related to the time taken to complete repairs, which is expected to improve as the backlog is reduced and we move closer to our target of 92%. Performance against emergency repairs targets remains consistently strong, with such repairs completed in an average of 10 hours against a target of 24 hours.

The first half has seen the launch of an internet of things project, to pilot technology that will both support our retrofit program by providing before and after data to demonstrate the impact on energy efficiency, and to help identify and prevent the main cause of disrepair, damp and mould.

The Cost Sharing Vehicle (CSV) arrangement within Platform's maintenance subsidiary Platform Property Care, which provides a VAT efficient way of providing asset management services to members at cost, was expanded in the year as Stonewater Limited was welcomed. Asset management services commenced on 1

April 2022, delivering repairs and void works to c5,300 properties across Herefordshire, Shropshire, and Gloucestershire. The additional scale of the CSV has produced a more densely populated area of works, generating efficiencies by reducing travel time and sharing best practices.

Gas and fire risk assessment compliance was 99.9% and 100% (30 September 2021: 99.9% and 100%). Fire Risk Assessments have identified a number of low level actions and recommendations such as replacing fire doors and moving bin storage further away from buildings. All recommendations are expected to be implemented over the next eighteen months. The costs of improvements are contained within business as usual budgets and continue to be fully provided for in the approved long term financial plan. We continue to work through EWS1 and internal inspections of low rise blocks and to date, no material remedial work has been identified. All surveys are expected to be complete by the end of the financial year.

Environmental, social and governance ('ESG')

Platform considers ESG to be a key part of its core operations and strategy, identifying sustainability, environmental and social value creation as one of six strategic areas of focus. We continue to support the sector and investor led Sustainability Reporting Standard (SRS), publishing performance against the SRS as part of our Sustainability Report in July 2022, together with an impact analysis of funding raised through our Sustainable Finance Framework (the Framework). Both the Sustainability Report and Framework are available to download from the Investor Centre section of the Platform website.

Environmental

Platform is committed to the decarbonisation of its operations and has established a Sustainability Team in order to achieve this. Our Sustainability Strategy, which has been drafted in the period, takes a holistic approach to this by not only looking at our homes but also our business, people and the communities in which we operate. Our Retrofit Team is establishing a programme based on the principles of fabric first, future proofing and no fossil fuels, to ensure that we both transition all homes to above EPC C and progress beyond that to net zero carbon.

Good progress has been made to date to decarbonise homes, with internal resources added to grant funding from the Warm Homes Fund, Green Home Grant Programme and Social Housing Decarbonisation Fund to retrofit over 1,250 properties. In the year to date we have retrofitted 208 air source heat pumps (September 2021: 54) and 72 photo voltaic panels (September 2021: 30). An ambitious bid under the Social Housing Decarbonisation Fund Wave Two was submitted shortly after the half year, which will support, if successful, the retrofitting of c1,000 homes in the next two years.

Energy Performance Certificates (EPCs) were completed for a further c4,000 homes in the six months to September. EPCs are now available for 94% of all of our homes as we continue to push ahead with plans to have full coverage. Approximately 70% of our homes had an EPC certificate rating of C or better and approximately 95% had an EPC certificate rating of D or better.

We have partnered with Parity Projects to implement Portfolio, a software tool that assesses the energy efficiency of our homes. Portfolio estimates live EPC ratings using historical assessments and subsequent works undertaken. In addition, Portfolio allows us to predict required interventions and model predictive EPC ratings as a consequence of retrofits. Portfolio is considered to be a more accurate reflection of the condition of the Group's homes and will be used to guide retrofitting programmes. The Portfolio assessment highlights that the Group has a higher proportion of homes that are rated at least EPC C than previously estimated (based on EPC certificates alone), with c75% now estimated to be at this level.

Social
Making a social contribution is at the heart of Platform's operations as a landlord to existing affordable housing customers, through the delivery of new affordable housing and as a key contributor to the communities in which we operate.

Platform recognises that the cost of living crisis is adversely affecting colleagues as well as customers and has set up a Cost of Living Working Group to discuss ways to support both. For the third year in a row the Group has utilised a well-being fund to support those most in need. A provision of £1.75m has been extended to £2m in response to the acceleration of the cost of living crisis. During the half year £0.8m has been utilised to help over 3,000 customers, with the majority of cases being for food, clothing and energy bills. In addition, we continue to help with an array of support measures, including advice on benefits, debt management and flexible payment arrangements when needed.

Colleagues will continue to benefit from Platform's well-being strategy, which focuses on mental, physical, financial, social and occupational health. On top of this, colleagues (excluding the Executive and Senior Leadership Teams) will be supported over the winter months with an additional £500 (paid in five instalments of £100 between November and March) and free food in our offices.

Governance
The activities of the Group are supported by a commitment to the highest standards of Governance. We continue to have the highest governance and viability ratings from the Regulator of Social Housing in England (G1/V1), as well as A+ ratings with both S&P and Fitch.

Development review

Strategy
The first half of the year saw the continued implementation of our Development Strategy, as we seek larger sites, with greater control over delivery, quality and sustainability. We are confident that the moderation of our medium term development aspirations earlier this year ensures that committed programmes can be achieved whilst maintaining financial strength, but we remain prepared to continuously review the programme in light of changing external factors.

Home building programme
Our home building programme has been affected by an increase in global demand for materials, the impact of Brexit and the war in Ukraine. These have resulted in increases in materials costs and extended supply times. In the half year 475 homes were completed (September 2021: 715). Of these, 138 (29%) were built for social rent, 166 (35%) for affordable rent, 171 (36%) for shared ownership. Given our current pipeline, which includes 2,405 homes in contract and a further 799 approved by our Board, we expect to build between 1,100 and 1,200 homes in the year to March 2023. At 30 September 2022, Platform owned a total of 47,507 homes (30 September 2021: 46,745).

Development expenditures were £103m in the year (September 2021: £93m), which reflects the Group's ongoing programme, in combination with cost inflation experienced to construction materials.

Governmental and regulatory developments

In September the social housing regulator concluded the process of selecting Tenant Satisfaction Measures (TSMs) to use for assessing compliance with the Charter for Social Housing Residents: Social Housing White Paper. There are 22 TSMs that all Housing Associations will be required to report against, with the first set of results published in autumn 2024 for the 2023-24 financial year. The TSMs, which will be collected through tenant surveys and landlord data, will cover five main themes including repairs, building safety, effective complaint-handling, respectful and helpful tenant engagement, and responsible neighbourhood management. Platform is already measuring performance against some of the TSMs and expects to be ready to incorporate the measures by the end of the financial year.

Financial review

Turnover

In the six months to 30 September 2022 total turnover grew 0.7% to £151.6m (2021: £150.3m).

Six months ended 30 September	2021 £m	2022 £m	Change
Social housing lettings	116.3	124.1	6.7%
Shared ownership first tranche sales	27.5	18.9	-31.3%
Other social housing activities	1.2	0.8	-33.3%
Total social housing turnover	**145.0**	**143.8**	**-0.8%**
Other non-social housing activities	5.5	7.8	41.8%
Total turnover	**150.5**	**151.6**	**0.7%**

Social housing lettings turnover increased by 6.7% to £124.1m (September 2021: £116.3m), in part due to inflationary rent increases of 4.1% (set at September 2021 UK Consumer Price Index of 3.1% plus 1%). Lettings turnover growth was also supported by a year on year increase in social housing units, with 1,171 units completed in the year to March 2022 and a further 475 in the six months to September 2022.

Turnover from shared ownership sales was down to £18.9m (September 2021: 27.5m) as a consequence of development cycles. There were 171 shared ownership units completed in the half year, a 38% decrease on the prior year:

	Shared ownership units developed	
	Six months to Sep-21	Six months to Sep-22
Quarter 1	146	70
Quarter 2	132	101
	278	**171**

The number of shared ownership sales in the half year was 196, 39% lower than the prior period (September 2021: 322 homes). This volume reduction was partly offset by increases to the average amount purchased (42%; September 2021: 37%) and higher sales prices, which were 3% higher on average than the prior period, resulting in revenues that were 31% lower.

The level of unsold shared ownership units continues to benefit from focused and early marketing campaigns, in addition to lower volumes, with unsold units falling to 45. Only six unsold units were not reserved for purchase (September 2021: 65).

Opening unsold at April 2022	**70**
New completions	171
Sales	(196)
Unsold at September 2022	**45**
Of which reserved for purchase	39

Total social housing turnover of £143.8m (2021: £145m) accounted for 94.9% (2021: 96.5%) of Platform's total turnover in the period, with the reduction attributable to the fall in shared ownership sales turnover.

Operating costs and costs of sale

Total costs increased 1.6% to £105.2m (2021: £103.2m), with operating costs (from both social and non-social activities) increasing 11.1% to £90.1m (2021: £81.1m) and costs of sales decreasing 32.1% to £15.2m (2021: £22.4m).

Six months to 30 September	**2021 £m**	**2022 £m**	**Change**
Social housing lettings operating costs	73.2	79.9	9.2%
Other social housing costs			
– shared ownership costs of sale	22.4	15.2	-32.1%
– other social housing operating costs	2.0	2.7	37.0%
Total social housing costs	**97.6**	**97.7**	**0.2%**
Other non-social housing operating costs	5.9	7.5	26.1%
Total costs	**103.5**	**105.2**	**1.6%**

Social housing lettings operating costs make up the majority of costs and they increased by 9.2% to £79.9m (2021: £73.2m), driven by maintenance costs, which were 28% higher than the prior year and service costs, up 27% on the prior year. Maintenance costs have been adversely affected by high cost inflation and labour shortages, resulting in higher prices and a greater proportion of work being carried out by contractors. Service costs increases were due to the rising costs of materials and labour, the full cost of which has not been passed onto customers partly due to timing, with service charge income increasing by 9%.

Shared ownership cost of sales decreased by 32.1%, slightly above related turnover (31.3%), with sales price growth ahead of associated cost inflation. Other non-social housing costs relate mainly to maintenance activities carried out for external parties as part of Platform's cost sharing vehicle and have risen due to increased revenues as activities have been extended, with maintenance now carried out for Stonewater.

Net Interest costs

Interest payable and financing costs decreased by £8.2m to £22.7m (2021: £30.9m). This was largely due to one-off loan breakage costs / credits in the prior / current year, which produced a £10.5m favourable movement. Underlying interest costs increased by £2.3m as a consequence of £300m of additional bonds that were issued in September 2021 (£250m) and December 2021 (£50m). This increase has been partially offset by interest receivable, which was £1m higher than the prior year due to higher rates of return on treasury related assets. A summary of financing activity can be seen in the Treasury section later on in this report.

Surpluses and margins

Maintaining surpluses is a crucial part of our business model. We reinvest 100% of surpluses into building more homes, improving energy efficiency and enhancing our services.

Overall operating surpluses (£46.3m) and margins (30.6%) have remained broadly in line with the prior period (£46.9m and 31.2%). Significant pressures have been experienced in maintenance and service expenditures, which have been largely offset by increases to income and the absence of one-off depreciation charges that were experienced in the prior period. Underlying performance, after adjusting for the one-off depreciation charges, is shown below:

	2021	One-off depreciation	Adjusted - 2021	2022	Movement
Operating surpluses	£'m	£'m	£'m	£'m	£'m
Excluding fixed asset sales	46.9	5.6	52.5	46.3	-6.2
Including fixed asset sales	51.3	5.6	56.9	52.6	-4.3
From social housing lettings	43.1	5.6	48.6	44.2	-4.4
Operating Margins					
Excluding fixed asset sales	31.2%	4.4%	34.9%	30.6%	-4.4%
Including fixed asset sales	34.1%	3.1%	37.8%	34.7%	-3.1%
From social housing lettings	37.0%	6.2%	41.9%	35.6%	-6.2%

Shared ownership surpluses were £3.8m (September 2021: £5.1m), representing 7.2% of overall operating surplus (September 2021: 9.9%). Margins on these sales were 20% (September 2021: 18.4%), with sales growth higher than cost inflation.

The overall surplus after tax, which incorporates interest costs, increased by £10.5m to £31.1m (2021: £20.5m) due to favourable loan breakage costs/credits in the prior/current period (£10.5m) and one-off depreciation charges in the prior period (£5.6m). When these are adjusted for, surplus after tax of £29.3m is £5.5m lower than the prior year figure of £34.8m, largely as a consequence of increases to maintenance expenditures of £7.3m. This can be seen below, together with a summary of the different measures of surplus and related margins.

Six months ended 30 September	**2021**		**2022**	
	Amount £m	Margin %	Amount £m	Margin %
Social housing lettings surplus	43.1	37.0	44.2	35.6
Shared ownership sales surplus	5.1	18.4	3.8	20.0
Overall operating surplus[1]	46.9	31.2	46.3	30.6
Surplus after tax	20.5	13.7	31.1	20.5
Adjusted surplus after tax[2]	34.8	23.1	29.3	19.3

Notes
(1) Excluding gains on disposal of property, plant and equipment
(2) Excluding one-off depreciation charges and loan breakage costs/credits

The table below shows a reconciliation of Platform's surplus after tax between the six months to September 2021 and 2022.

	Income	Expenditure	Surplus
	£m	£m	£m
Surplus after tax - six months to September 2021			**20.5**
One-off depreciation charges for - capitalisation policy alignment			5.6
One-off loan breakage costs			8.7
Surplus after tax before one-off charges – September 2021			**34.8**
Social housing lettings turnover	7.8		7.8
Other social housing turnover (excluding sales)	-0.4		-0.4
Property sales[1]	-8.6	7.2	-1.4
Social housing costs:			
Repairs and maintenance		-7.3	-7.3
Depreciation		-2.9	-2.9
Service charges and costs	0.7	-2.7	-2
Management costs		-0.3	-0.3
Rent Losses from Bad Debts		1	1
Other social housing activities	-0.5	-0.7	-1.2
Non-social housing activities	2.3	-1.6	0.7
Surplus on disposal of property, plant and equipment			1.9
Net interest costs	1	-2.3	-1.3
Capitalised interest		0.1	0.1
Other			-0.2
Surplus after tax before one-off charges – September 2022			**29.3**
One-off loan breakage gains		1.8	1.8
Year ended 31 September 2022			**31.1**

Notes
(1) Property sales are made up of shared ownership first tranche sales

Treasury review

Financing activity
At the end of July 2022 debt facilities totalling £165m were cancelled and prepaid in order to save interest costs and optimise financial loan covenants. The facilities were terminated with positive net exit fees (due to market conditions) generating a benefit on top of interest cost savings.

Debt and liquidity
At 30 September 2022 net debt was £1,203m (30 September 2021: £1,114m). Net debt comprised nominal values of £882m in bond issues, £80m in private placements and £444m in term loan and revolving credit facilities, partially offset by cash and equivalents of £190m and accounting adjustments of £13m.

The average cost and average life of Platform's drawn debt was 3.30% and 23 years respectively at 30 September 2022 (30 September 2021: 3.32% and 22 years).

99% of Platform's drawn debt is fixed rate and therefore Platform is minimally impacted by interest rate movements for its existing drawn debt portfolio.

Platform had sufficient liquidity at 30 September 2022 (approximately £590m including undrawn committed facilities and cash and cash equivalents) to meet all projected net cash outflows for the next three years, taking into account projected operating cash flows, forecast investment in new and existing properties and debt service and repayment costs (financing will be arranged in advance of this time to maintain a robust liquidity buffer). Liquidity is sufficient to deliver all committed programmes when uncommitted cash flows are excluded (excluding all sales income, grant income and expenditures on uncommitted developments).

Financial ratios
Platform monitors its performance against various financial ratios, including Value for Money metrics reported to the Regulator of Social Housing and ratios it is required to comply with under its financing arrangements.

Gearing, measured as the ratio of net debt to the net book value of housing properties, was 42.8% at 30 September 2022 (30 September 2021: 41.9%). Gearing has increased in the last year due to new funding required for development expenditures. Gearing was comfortably within Platform's target of maintaining gearing below 55%.

EBITDA-MRI interest cover was 228% (30 September 2021: 197%). The movement from the prior year is largely driven by the one-off break costs/gains of £8.7m / £1.8m incurred in the prior / current year. The ratio remains well above Platform's guideline minimum (120%).

Review of value for money (VfM) performance
Obtaining VfM ensures we make the best use of our resources and is an essential part of delivering our charitable objectives. Platform assesses its performance against the Regulator of Social Housing in England's (RSH's) VfM metrics for the year in the context of a group of other major social housing providers. This analysis is helpful as these metrics are defined by the RSH and reported across the sector, providing a greater degree of comparability.

Peer group information is not available for the period to 30 September 2022, so a comparison against the year to March 2022 has been undertaken. The peers included in the analysis are set out in the footnotes to the table.

	Peer Group (FYE 2022)			Platform			
RSH VfM metric[1/2]	**Lowest**	**Average[3]**	**Highest**	**Mar-21**	**Rank[4]**	**Mar-22**	**Rank[4]**
Reinvestment	4.0%	7.3%	9.5%	8.0%	**2**	7.9%	**4**
New supply (social housing units)	0.6%	1.8%	2.8%	2.0%	**2**	2.5%	**4**
New supply (non-social housing units)	0.0%	0.1%	0.6%	0.0%	**1[5]**	0.0%	**1[5]**
Gearing	29.6%	45.0%	54.1%	41.9%	**3**	42.8%	**5**
EBITDA-MRI interest cover	98%	159%	274%	218%	**4**	188%	**4**
Headline social housing CPU[6]	2,855	4,038	5,451	2,463	**1**	2,855	**1**
Operating margin (SHL)[6]	12.3%	28.2%	37.0%	42.9%	**1**	35.2%	**4**
Operating margin (total)	13.0%	24.3%	32.0%	37.2%	**2**	30.2%	**2**
Return on capital employed (ROCE)	2.5%	3.2%	4.2%	4.1%	**3**	3.3%	**6**

Notes
(1) Sample of social housing providers includes Platform, Bromford, Citizen, Guinness, Home Group, Jigsaw, Longhurst, Midland Heart, Optivo, Orbit, Riverside, Sanctuary, Sovereign and Stonewater. We may evolve the make-up of the sample in future.
(2) See: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1066373/20220404_Value-for-Money-metrics-Technical-note-guidance_FINAL.pdf
(3) Unweighted or simple average of performance across the selected group of social housing providers
(4) Platform ranking is based on performance against peers as reported in the years to March 2021 and 2022
(5) A low focus on building non-social housing is viewed as giving a strong ranking due to property market risks related with such activities
(6) CPU: cost per unit; SHL: social housing lettings

Platform continues to demonstrate peer leading performance in a number of areas. Headline social cost per unit, which shows the efficiency of operations in comparison to the size of the organisation, remains the lowest of peers in spite of considerable cost pressures to maintenance activities. The other efficiency measures, operating margin (overall and for social housing lettings) and ROCE, remain strong but were affected by one off depreciation charges of £5.6m in the year. Adjusting for this, the ranking changes to 1 for both margin calculations and 5 for ROCE, with ROCE affected by the differences between historical accounting treatments used for the valuation of housing fixed assets.

Investing in quality, affordable and sustainable homes is a key component of our Corporate Strategy. In the year to March 2022 our investment in new and existing homes increased by 4.1% to £217m. This is demonstrated above in our levels of reinvestment, 7.9% (March 2021: 8%) and new supply, 2.5% (March 2021: 2%). As a consequence of this investment gearing increased slightly and we expect further small increases going forwards, however, we remain committed to our golden rule in this area, which limits gearing to a maximum of 55%. EBITDA-MRI interest cover is also affected by higher debt balances, but performance to March 2022 was significantly affected by one-off loan breakage costs of £8.7m. If this is adjusted for the ratio is increased to 220% (ranking second), which is more in line with the performance in the year to date (228%). We continue to prioritise affordable housing tenures, with no market rented or sale homes completed.

At the same time as keeping costs to a minimum we recognise that VfM is not solely about cutting costs but about delivering quality services whilst using resources in the most cost-effective manner. To that end we have increased the quality standards of our void repairs in the half year and continue to work on a Platform Standard, which will inform quality and sustainability standards for existing and new homes.

Outlook

In the second half of the year turnover is expected to grow in line with new units coming into management. Demand for sales is expected to remain robust in our areas of operation, with the possibility that a less affordable general housing market increases demand for affordable home ownership, such as our shared ownership product, which in our areas of operation is accessible to people on a wide range of incomes. Voids are expected to continue to improve as the backlog of repairs jobs is eliminated. Maintenance costs will remain elevated in part as a consequence, and in part due to materials cost inflation and continued labour shortages. Cost inflation is also likely to have a significant impact on our customers, putting pressure on rental collection.

We remain committed to our capital programmes but also to our financial strength, and will assess future expenditures in light of any external cost or income pressures. We expect to complete 1,100-1,200 homes in the year to March 2023.

In the second half of the year we will use the principles laid out in our Sustainability Strategy to develop an action plan. We remain committed to increasing the EPC ratings of all our homes to C and above by 2030 and works to properties will continue in the year to achieve this.

In the longer term our resilient financial and operational model leaves us well placed to continue delivering our strategic objectives, centred on the provision and maintenance of high quality, affordable and sustainable housing, alleviating the Midlands housing shortage and providing enhanced life prospects for more local people.

Financial Statements

Legal Status

Platform Housing Group (the parent company) is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 and is registered with the RSH as a Private Registered Provider of Social Housing. The registered office is 1700 Solihull Parkway, Birmingham Business Park, Solihull, B37 7YD.

Platform Housing Group comprises the following entities:

Name	Incorporation	Registration
Platform Housing Group Limited	Co-operative and Community Benefit Societies Act 2014	Registered
Platform Housing Limited	Co-operative and Community Benefit Societies Act 2014	Registered
Platform Property Care Limited	Companies Act 2006	Non-registered
Platform New Homes Limited	Companies Act 2006	Non-registered
Platform HG Financing PLC	Companies Act 2006	Non-registered
Waterloo Homes Limited (Dormant)	Companies Act 2006	Non-registered

Basis of Accounting

The Group's financial statements have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UK GAAP), the Statement of Recommended Practice for registered housing providers: Housing SORP 2018 Update and Financial Reporting Standard 102 ('FRS 102'). Platform Housing Group is a Public Benefit Entity under the requirements of FRS 102. The Group is required under the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969 to prepare consolidated Group accounts.

The financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. Following the implementation of FRS 102, housing properties are stated at deemed cost at the date of transition and additions are record at cost. Investment properties are recorded at valuation. The accounts are presented in sterling and are rounded to the nearest £1,000.

As a Public Benefit Entity, The Group has applied the 'PBE' prefixed paragraphs of FRS102.

Statement of Comprehensive Income for the six months ended 30 September 2022

	Note	**Six months ended 30 September 2022**	Six months ended 30 September 2021
	Note	**£000**	£000
Turnover	1&2	**151,566**	150,481
Operating Expenditure	1&2	**(90,084)**	(81,110)
Cost of Sales	1&2	**(15,160)**	(22,432)
Gain on disposal of property, plant and equipment	-	**6,299**	4,366
Operating Surplus		**52,621**	51,305
Interest receivable	4	**1,146**	101
Interest payable and financing costs	4	**(22,686)**	(30,926)
Surplus before tax		**31,081**	20,480
Taxation	-	**-**	-
Surplus for the period after tax		**31,081**	20,480
Change in fair value of hedged financial instrument/investment valuation		**-**	(44)
Total comprehensive income for the period		**31,081**	20,436

The Group's results all relate to continuing activities.

Statement of Financial Position at 30 September 2022

	Note	30 September 2022 £000	30 September 2021 £000
Fixed assets			
Housing properties	5	**2,819,301**	2,668,168
Other tangible fixed assets	-	**9,090**	8,713
Intangible fixed assets	-	**5,610**	4,196
Investment properties	-	**16,646**	16,495
Homebuy loans receivable	-	**7,589**	8,023
Fixed asset investments	-	**19,556**	16,435
		2,877,792	2,722,030
Current assets			
Stocks: Housing properties for sale	-	**26,275**	28,238
Stocks: Other	-	**582**	146
Trade and other Debtors	-	**19,349**	20,188
Cash and cash equivalents		**189,643**	284,137
		235,849	332,709
Less: Creditors: amounts falling due within one year	-	**(98,173)**	(106,178)
Net current assets / (liabilities)		**137,677**	226,531
Total assets less current liabilities		**3,015,469**	2,948,561
Creditors: amounts falling due after more than one year	-	**(1,914,325)**	(1,900,408)
Provisions for liabilities			
Pension provision	-	**(49,955)**	(65,842)
Total net assets		**1,051,188**	982,311
Income and expenditure reserve		**836,104**	765,173
Revaluation reserve		**215,084**	217,138
Total reserves		**1,051,188**	982,311

Consolidated Statement of Changes in Reserves

	Income and Expenditure Reserve £000	Property Revaluation Reserve £000	Investment Revaluation Reserve £000	Total £000
Balance at 1 April 2021	744,693	216,972	210	961,875
Surplus for the year	42,922	-	-	42,922
Actuarial gain / (loss) on pension scheme	16,682	-	-	16,682
Valuation in the year	-	-	(347)	(347)
Transfer between reserves	189	(189)	-	-
Balance at 31 March 2022	**804,486**	**216,783**	**(137)**	**1,021,132**
Surplus for the period	31,081	-	-	31,081
Actuarial gain / (loss) on pension scheme	-	-	-	-
Valuation in the period	-	(1,025)	-	(1,025)
Transfer between reserves	537	(537)	-	-
				-
Balance at 30 September 2022	**836,104**	**215,221**	**(137)**	**1,051,188**

Consolidated Statement of Cash Flows for the six months ended 30 September 2022

	Six months ended 30 September 2022 £000	Six months ended 30 September 2021 £000
Net cash generated from operating activities (see note i below)	**62,924**	53,684
Cash flow from investing activities		
Purchase of tangible fixed assets	**(103,744)**	(96,411)
Proceeds from sales of tangible fixed assets	**9,836**	41,571
Grants received	**11,031**	14,702
Interest received	**816**	61
Homebuy and Festival Property Purchase loans repaid	**160**	197
Cash flow from financing activities		
Interest paid	**(25,194)**	(25,328)
New secured debt	**-**	289,313
Repayment of borrowings	**(45,903)**	(173,539)
One-off loan breakage receipts / (costs)	**1,772**	(8,716)
Net change in cash and cash equivalents	**(88,302)**	95,534
Cash and cash equivalents at the beginning of the period	**277,945**	188,603
Cash and cash equivalents at the end of the period	**189,643**	284,137

Note i

Surplus for the period	**31,082**	20,480
Adjustments for non-cash items		
Depreciation of tangible fixed assets	**20,560**	23,104
Amortisation of grants	**(2,530)**	(2,672)
Movement in properties and other assets in the course of sale	**267**	10,445
Increase in stock	**(419)**	-
(Increase) / decrease in trade and other debtors	**(3,187)**	(4,361)
(Decrease) / increase in trade and other creditors	**5,954**	(17,003)
Movement in investments	**(2,229)**	(312)
Increase / (decrease) in provisions	**-**	(1,693)
Adjustments for investing or financing activities		
Proceeds from sale of tangible fixed assets	**(6,551)**	(4,365)
Interest payable	**22,686**	30,926
Interest receivable	**(1,147)**	(101)
Movement in fair value of financial instruments	**(1,562)**	(44)
Increase in valuation of investment property	**-**	(720)
Net cash generated from operating activities	**62,924**	53,684

1. Turnover, Cost of Sales, Operating Expenditure and Operating Surplus

Group	Year ended 30 September 2022			
	Turnover	Cost of Sales	Operating Expenditure	Operating Surplus / (Deficit)
	£000	£000	£000	£000
Social housing lettings (see note 2)	**124,069**	**-**	**(79,879)**	**44,190**
Other social housing activities				
Development services	-	-	(1,960)	(1,960)
Management services	81	-	(273)	(192)
Support services	89	-	(253)	(164)
Sale of Shared Ownership first tranche	18,943	(15,160)	-	3,783
Other	585	-	(197)	338
	19,698	**(15,160)**	**(2,683)**	**1,855**
Activities other than social housing				
Developments for sale	22		-	22
Student accommodation	5	-	(8)	(3)
Market rents	565	-	(335)	230
Other	7,207	-	(7,179)	28
	7,799	**-**	**(7,522)**	**277**
Total	**151,566**	**(15,160)**	**(90,084)**	**46,322**

1. Turnover, Cost of Sales, Operating Expenditure and Operating Surplus (continued)

Group	Six months ended 30 September 2021			
	Turnover	Cost of Sales	Operating Expenditure	Operating Surplus / (Deficit)
	£000	£000	£000	£000
Social housing lettings				
(see note 2)	**116,270**	**-**	**(73,204)**	**43,066**
Other social housing activities				
Development services	(13)	-	(474)	(487)
Management services	83	-	(222)	(139)
Support services	83	-	(258)	(175)
Sale of Shared Ownership first tranche	27,499	(22,433)	-	5,066
Other	1,065	-	(980)	85
	28,717	**(22,433)**	**(1,934)**	**4,350**
Activities other than social housing				
Developments for sale	11	1	-	12
Student accommodation	5	-	(9)	(4)
Market rents	660	-	(462)	198
Other	4,818	-	(5,501)	(683)
	5,494	**1**	**(5,972)**	**(477)**
Total	**150,481**	**(22,432)**	**(81,110)**	**46,939**

2. Turnover and Operating Expenditure for Social Housing Lettings

Group			Year ended 30 September 2022			
	General Needs Housing	**Affordable Rent**	**Supported Housing & Housing for older people**	**Low Cost Home Ownership**	**Intermediate rent**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Income						
Rent receivable net of identifiable service charges	71,581	22,287	7,171	10,037	1,353	112,429
Service charge income	3,052	777	3,204	1,526	-	8,559
Other grants	416	66	-	-	-	482
Amortised government grants	1,308	718	57	418	15	2,516
Other income	13	43	-	27	-	83
Turnover from social housing lettings	**76,370**	**23,891**	**10,432**	**12,008**	**1,368**	**124,069**
Operating Expenditure						
Management	(8,925)	(2,623)	(1,734)	(1,505)	(148)	(14,935)
Service charge costs	(5,384)	(1,189)	(4,448)	(1,579)	(167)	(12,767)
Routine maintenance	(19,346)	(3,788)	(2,386)	(109)	(185)	(25,814)
Planned maintenance	(2,367)	(627)	(221)	(14)	(27)	(3,256)
Major repairs expenditure	(2,198)	(491)	(1,224)	(140)	(95)	(4,148)
Bad debts	204	64	-	(50)	(5)	213
Depreciation of housing properties	(11,344)	(4,796)	(1,192)	(1,668)	(172)	(19,172)
Operating expenditure on social housing lettings	**(49,360)**	**(13,450)**	**(11,205)**	**(5,065)**	**(799)**	**(79,879)**
Operating surplus on social housing lettings	**27,010**	**10,441**	**(773)**	**6,943**	**569**	**44,190**
Void losses	(854)	(388)	(277)	(118)	(52)	(1,689)

2. Turnover and Operating Expenditure for Social Housing Lettings (continued)

Group	Six months ended 30 September 2021					
	General Needs Housing	Affordable Rent	Supported Housing & Housing for older people	Low Cost Home Ownership	Intermediate rent	Total
	£000	£000	£000	£000	£000	£000
Income						
Rent receivable net of identifiable service charges	68,416	20,218	6,908	8,794	1,262	105,598
Service charge income	2,835	611	2,924	1,461	-	7,831
Other grants	119	-	-	-	-	119
Amortised government grants	1,350	793	61	455	13	2,672
Other income	12	38	-	-	-	50
Turnover from social housing lettings	**72,732**	**21,660**	**9,893**	**10,710**	**1,275**	**116,270**
Management	(8,874)	(2,415)	(1,715)	(1,456)	(144)	(14,604)
Service charge costs	(3,570)	(961)	(3,836)	(1,517)	(150)	(10,034)
Routine maintenance	(14,052)	(2,109)	(1,386)	(75)	(106)	(17,728)
Planned maintenance	(2,297)	(530)	(294)	-	(31)	(3,152)
Major repairs expenditure	(3,234)	(384)	(1,417)	(89)	41	(5,083)
Bad debts	(392)	(123)	(85)	(127)	(30)	(757)
Depreciation of housing properties	(13,924)	(4,736)	(1,488)	(1,522)	(176)	(21,846)
Operating expenditure on social housing lettings	**(46,343)**	**(11,258)**	**(10,221)**	**(4,786)**	**(596)**	**(73,204)**
Operating surplus on social housing lettings	**26,389**	**10,402**	**(328)**	**5,924**	**679**	**43,066**
Void losses	(793)	(298)	(229)	(394)	(91)	(1,805)

3. Units

Social housing properties in management at end of period

	September 2022					September 2021	
	Owned and managed	**Managed not owned**	**Total managed**	**Owned not managed**	**Total Owned**	Total Managed	Total Owned
	Number	**Number**	**Number**	**Number**	**Number**	Number	Number
General Needs	28,514	8	28,522	8	28,522	28,345	28,345
Affordable rent	7,523	2	7,525	-	7,523	7,172	7,168
Supported	267	-	267	65	332	276	333
Housing for older people	2,976	-	2,976	-	2,976	2,975	2,975
Intermediate rent	468	-	468	-	468	468	468
Total	**39,748**	**10**	**39,758**	**73**	**39,821**	39,236	39,289
*Shared Ownership <100%	6,016	6	6,022	-	6,016	5,820	5,814
Social Leased @100% sold	1,134	-	1,134	-	1,134	1,121	1,121
Total social	**46,898**	**16**	**46,914**	**73**	**46,971**	46,177	46,224
Non social housing							
Non social rented	111	-	111	-	111	112	112
Non social leased	396	-	396	29	425	380	409
Total stock	**47,405**	**16**	**47,421**	**102**	**47,507**	46,669	46,745

*The equity proportion of a shared ownership property is counted as one unit.

4. Net Interest

Interest receivable and similar income	**Year ended 30 September 2022**	Year ended 30 September 2021
	£000	£000
On financial assets measured at amortised cost:		
Interest receivable	**1,146**	101
	1,146	101

Interest payable and financing costs	**Year ended 30 September 2022**	Year ended 30 September 2021
	£000	£000
On financial liabilities measured at amortised cost:		
Loans repayable	**23,814**	22,085
Loan breakage costs	**(1,772)**	8,716

Costs associated with financing	**2,510**	1,901
	24,552	32,702
On financial liabilities measured at fair value:		
Interest capitalised on housing properties	**(1,886)**	(1,776)
	22,686	30,926

5. Tangible Fixed Assets – Housing Properties

	Housing Properties held for letting	Housing Properties in the course of construction	Completed Shared Ownership Properties	Shared Ownership Properties in the course of construction	Total
	£000	£000	£000	£000	£000
Cost					
At 1 April 2022	2,437,826	121,193	480,980	44,798	3,084,797
Reclassification	-	-	-	-	-
Additions	893	58,323	198	43,933	103,347
Works to existing properties	9,430	-	-	-	9,430
Disposals	(2,713)	-	(4,065)	-	(6,777)
Fair value disposal	(58)	-	-	-	(58)
Transfer (to)/from current assets	-	-	(248)	(15,660)	(15,907)
Interest capitalised	-	1,131	-	735	1,866
Schemes completed	44,337	(44,337)	18,253	(18,253)	-
At 30 September 2022	**2,489,715**	**136,311**	**495,118**	**55,553**	**3,176,697**
Depreciation					
At 1 April 2022	318,111	-	21,688	-	339,799
Charge for the period	17,222	-	1,768	-	18,990
Disposals	(1,154)	-	(241)	-	(1,394)
At 30 September 2022	**334,180**	**-**	**23,215**	**-**	**357,395**
Net Book Value					
At 30 September 2022	**2,155,535**	**136,311**	**471,903**	**55,553**	**2,819,302**
At 30 September 2021	2,091,806	96,534	456,696	23,132	2,668,168