30 May 2025

Platform HG Financing Plc

Platform Housing Group's Trading Statement for the Year to March 2025

The following report provides a trading update for Platform Housing Group (Platform), covering unaudited high level performance outcomes.

Highlights

- Turnover growth of 11.1% to £374.4m (Mar-24: £337.1m), with 93.8% of revenues coming from core social housing activities (Mar-24: 93.9%)
- Operating surpluses up by more than turnover, generating improved operating margins to 25.9% (Mar-24: 25.4%)(6)
- Investment in existing homes up 58.6% to £62.5m (Mar-24: £39.4m), improving quality and energy efficiency; putting pressure on EBITDA-MRI based interest cover
- Development completions of 1,036 as per agreed programme, bringing total homes owned to over 50,000
- Low rental arrears of 2.4% (Mar-24: 2.8%)
- Credit ratings of A+ (stable) and A+ (negative) with S&P and Fitch
- G1/V1 ratings with the Regulator for Social Housing

At or for the year to 31 March	2024	2025	Change
Turnover	£337.1m	£374.4m	11.1%
Social housing lettings turnover	£274.2m	£299.7m	9.3%
Operating surplus(1)	£67.4m	£97.1m	44.1%
Operating surplus(1) - prior year adjusted(6)	£85.4m	£97.1m	13.7%
New homes completed	1,202	1,036	-13.8%
Investment in new homes	£313.2m	£287.1m	-8.3%
Investment in existing homes(5)	£39.4m	£62.5m	58.6%
Share of turnover from social housing lettings	81.3%	80.1%	-1.3ppt
Social housing lettings margin(2)	32.0%	31.3%	-0.7ppt
Current tenant arrears(3)(4)	2.8%	2.4%	-0.4ppt
Gearing(2)(4)	45.7%	44.2%	-1.5ppt
EBITDA-MRI interest cover(2)	129%	125%	-4.0ppt
EBITDA-MRI interest cover - prior year adjusted(6)	162%	125%	-37.0ppt

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://www.gov.uk/government/publications/value-for-money-metrics-technical-note
(3) Current tenant arrears includes all general needs tenants (this excludes shared ownership properties)
(4) Figures as at 31 March (as opposed to accumulated over the period to March)
(5) Investment in existing homes includes capital expenditure on maintenance and decarbonisation works
(6) Prior year figures adjusted for £18m one-off pension cessation accounting adjustments following exit from a number of defined benefit schemes

Elizabeth Froude, Platform's CEO commented:

"As we close another year the environment around us has remained difficult and our results demonstrate an organisation that has worked hard to keep a grip on costs and continues to deliver on maintaining a financially strong organisation, generating a social housing lettings margin of 31.3%, whilst remaining committed to what will be a long journey to move all of our homes to net zero. We therefore show another outturn which increases the level of investment in existing homes by £23.1m (58.6%), a trend which is appropriate to commit to our customers, supporting the quality of their homes and the wellbeing of our communities, which is at the heart of what we do.

The need for new homes remains a constant for us, as a country and a sector and Platform has continued to commit to future homes delivery and successfully deliver on its targets for current delivery of new homes. This year completing over 1,000 new homes and starting 1,600 homes for future delivery.

The demand for shared ownership homes remains strong in the Midlands and our focus on affordable family homes helps this, as we continue to support those who want to live in the areas where they work and face affordability challenges.

All of this said we continue to be a stable and reliable borrower for those investing in Platform and continue to demonstrate some of the best financial metrics in the sector."

Financial review

Turnover
In the year to March 2025 total turnover increased by 11.1% to £374.4m (Mar-24: £337.1m). This was driven by growth in social housing lettings turnover, which increased by 9.3% to £299.7m (Mar-24: £274.2m), as a result of inflationary rental increases and a year-on-year increase in social housing units.

Turnover from shared ownership first tranche sales of £48.7m was higher than the prior year period, due to the timing of the development cycle (Mar-24: £40.7m). There were 526 shared ownership sales in the year to March (Mar-24: 418). Demand for shared ownership remained robust during the quarter in our areas of operation.

Turnover from all social housing activities, including shared ownership sales, of £351.3m (Mar-24: £316.6m) accounted for 93.8% (Mar-24: 93.9%) of Platform's total turnover in the period.

Surpluses and margins
Encouragingly, both the operating surpluses and overall margins have increased in comparison to the prior year. This has been achieved in spite of a challenging national and global environment and whilst maintaining our commitment to invest in our homes and services. We are monitoring the potential trade war coming from the current US administration and have analysed our supply chains, which are not linked to America.

Operating surpluses excluding fixed assets sales of £97.1m were up 13.7% on the prior year period (after adjusting for one-off pension cessation accounting charges: Mar-24: £85.4m) and operating surpluses including fixed asset sales increased by 15% to £104m (after adjusting for one-off pension cessation accounting charges: Mar-24: £90.4m). Surpluses from social housing lettings increased by 6.9% to £93.9m (Mar-24: £87.8m).

Operating margins were 25.9% excluding fixed asset sales (after adjusting for one-off pension cessation accounting charges: Mar-24: 25.4%), 27.8% including fixed asset sales (after adjusting for one-off pension cessation accounting charges: Mar-24: 26.8%) and 31.3% from social housing lettings (Mar-24: 32%). Operating surpluses remain broadly in line with the prior year position, as rental growth has helped to support investment into existing homes and improving services for customers.

Shared ownership sales surpluses were £6.7m (Mar-24: £6.1m), representing 6.5% of total operating surplus (after adjusting for one-off pension cessation accounting charges: Mar-24: 6.7%), with associated margins of 13.8% (Mar-24: 14.9%). Margins remain in line with the prior year and were supported by robust demand experienced in our areas of operation. The number of homes unsold at the year-end was 84, of which 54 were reserved for purchase.

Opening unsold at April 2024	**222**
New completions	390
Transfers from other tenures	(2)
Sales	(526)
Unsold at March 2025	**84**
Of which reserved for purchase	54

Sales of fixed assets, which include subsequent staircasing sales of shared ownership homes and homes acquired under the ‘right to buy’ scheme, had surpluses and margins of £6.9m and 44% (Mar-24: £5m / 42%).

The overall net surplus after tax, which incorporates interest costs, was £52.3m in comparison to £44.4m in the prior year (after adjusting for one-off pension accounting adjustments). The increase was supported by higher operating surpluses as highlighted above, net of a £5.5m increase in net interest costs due to a £250m sustainable bond issued in April 2024 and one-off loan breakage costs of £1.3m incurred on strategic refinancing.

Development review

The UK Government’s Spring Statement, delivered on 26 March, outlined several key initiatives aimed at addressing the UK’s housing crisis, with a particular focus on social housing and increasing the overall housing supply. We remain committed to the ongoing delivery of social rented homes, so the £2 billion investment in social and affordable housing is a welcome addition and will help support our development objectives.

We continue to focus our build on the customer, delivering homes that are high quality, affordable and sustainable. Customer satisfaction for our homes remains a high priority and its pleasing that levels of 80% were experienced during the year, combined with low levels of defects due to our robust in-house quality inspection regime.

Sustainability and innovation remain a central part of our design specification for new homes. The average SAP rating, a measure of energy efficiency which is scored out of 100 (with 100 representing a zero energy cost), was 86.1 for our completed homes and a continued improvement against the prior year (84). We commenced work on 1,394 gas free homes in the year and our ambition for 2025/26 is to be a completely gas-free developer.

The development programme continues to progress well. Despite three schemes experiencing delays due to contractor insolvencies, all of these schemes are now back on site. Development expenditures of £287.1m were slightly down on the prior year figure of £313.2m, in part due to these delays. We started 1,645 new affordable homes in the year and completed 1,028, with a further 8 commercial units that are part of our new Holmer Retirement Village delivered in Herefordshire (these 8 units being integral to the retirement village offering, such as a café and salon). This delivery, despite a challenging environment, continues to place Platform as a larger developer of affordable housing, both regionally and nationally. As at 31 March 2025, Platform owned a total of 50,094 homes (Mar-24: 49,182).

	Social Rent	Affordable Rent	Shared Ownership	Rent To Buy	Commercial	Total
New homes	**275**	**359**	**390**	**4**	**8**	**1,036**

Treasury review

Ratings activity
Platform is rated A+ (stable outlook) by S&P and A+ (negative outlook) by Fitch. The rating with Fitch was affirmed in October 2024 and the rating with S&P affirmed in January 2025.

Debt and liquidity
Net debt was £1,528m (Mar-24: £1,457m). Net debt comprised nominal values of £1,120m in bond issues, £80m in private placements and £390m in term loan and revolving credit facilities, partially offset by cash and equivalents of £48m and non-cash accounting adjustments of £14m.

Platform's weighted average cost of finance was 3.56% (Mar-24: 3.51%) with a weighted average maturity of 22 years (Mar-24: 21 years).

Platform had liquidity as at March 2025 of £553m (including undrawn committed facilities, short term investments and cash and cash equivalents), which is sufficient to meet all forecast needs until into 2026 (with new finance required at that point to maintain 18 months of liquidity in line with policy).

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

Gearing, measured in accordance with the RSH's Value for Money (VfM) Metrics, was 44.2% (Mar-24: 45.7%). Gearing has decreased in the last year as a consequence of the timing of cash flows related to development activities, with high cash receipts for sales activity and grant experienced, relative to expenditures.

EBITDA-MRI interest cover (again calculated in accordance with the RSH's VfM metrics) was 124% (after adjusting for one-off pension cessation accounting charges: Mar-24: 162%). The year-on-year movement is driven by a planned increase in investment into existing homes, combined with increases in interest expense due to the bond issuance in April 2024, as we push ahead with quality and sustainability improvements.

For more information please contact:

Investor enquiries
Ben Colyer – +44 7918 160990
investors@platformhg.com

Media enquiries
media@platformhg.com

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