



Trading Update

Unaudited financial results for the
half year to 30 September 2024

Welcome

We are pleased to report our half year results from 1 April 2024 to 30 September 2024. These are largely in line with our budgeted expectations, and continue to show an improving financial position for GSA, achieving an operating surplus of £31m, and overall operating margin of 19% in the period. This performance has been achieved in what remains a challenging operating environment, with increased demand for services and therefore cost pressures, particularly in repairs and maintenance, as being experienced across the sector.

As we progress through this second year of our Simpler, Stronger, Better strategy we continue to focus on investment in our existing homes, alongside improving our customer offer. A number of transformation projects are underway to enhance our capacity and capability to deliver on these objectives and these will continue through the second half of the year.

During this period, the Housing Ombudsman concluded their investigation into our complaints handling. We were pleased to see the recognition in their report for the improvements made in our complaints handling process, and will continue to improve this further through our wider programme of activity to improve services to customers.

Vicky Lancaster

Finance Director

Simpler, Stronger, Better

Our 2023-28 Simpler, Stronger, Better business strategy sets out four objectives with a number of workstreams and projects towards achieving our five year aims. Our key achievements in the six months to September 2024 under these were:

We will simplify and strengthen our business

- ◆ Launched a service charge review to improve our approach and communication with customers
- ◆ Developed our data strategy and made improvements in our data governance arrangements
- ◆ Commenced a refinancing process to streamline GSA's funding portfolio, right-size liquidity buffers and reduce borrowing costs

We will improve our customer offer

- ◆ Continued our project to move to a single housing management system, allowing more efficient and consistent delivery of services
- ◆ Progressed the development of a joined-up Customer Investment strategy across multiple workstreams to enhance customer experience
- ◆ Continued to develop the role and influence of our Customer Panel and the range of opportunities for customer involvement

We will invest in our existing and new homes

- ◆ Invested £6.8m in our existing homes, including continuing delivery of essential fire safety works and scoping the next phases of the programme
- ◆ Delivered £2.3m of investment under our SHDF programme to improve the energy efficiency of properties and bring them up to a minimum EPC C
- ◆ Handed over 74 new affordable units, with a forecast for the year of 373 units in total to be delivered

We will create a culture which empowers our people

- ◆ Rolled out our Leadership Development Programme to all managers at GSA
- ◆ Exited eight commercial offices and consolidated this into one head office

Financial performance

Key figures

| | 2024-25 half year actuals September 2024 | 2023-24 March 2024 |
|---|--|-----------------------|
| Turnover | £116m | £230m |
| Operating surplus | £31m | £52m |
| Operating margin | 19% | 20% |
| Operating margin on social housing lettings | 24% | 27% |
| Gearing | 53% | 53% |
| EBITDA interest cover | 122% | 122% |
| EBITDA MRI interest cover | 92% | 83% |
| Cash and undrawn facilities | £525m | £527m |

Results to 30 September are largely in line with the budget expectation. Operating surplus was £31m, with turnover of £116m, achieving an operating margin of 19% (2024: 20%.) Operating margin from social housing lettings was 24%. Net surplus after interest costs was £5.8m. Key financial achievements in the period included;

- ◆ 28 shared ownership sales completed, generating £3m proceeds and surplus of £0.6m at 21% margin
- ◆ Current tenant arrears have marginally increased from the year end position to 4.99% at September. This is being monitored and additional resource put in place to address, particularly former tenant arrears. Void loss shows an improved position in the period, at 2.4% compared to 3.4% reflecting improved data and management of voids
- ◆ Asset disposals (i.e properties no longer fit for purpose) which in the first six months have generated £15m proceeds and £8.8m surplus from the sale of 71 units, exceeding the budget expectation
- ◆ Investment of £6.8m in capital programmes to improve the quality and safety of homes.

Net debt and liquidity

At 30 September, net debt was £1,078m (March 2024: £1,083m) and available liquidity was £461m from committed and available undrawn facilities, along with cash and cash equivalents of £64m. GSA retains £500m of available security at the end of September.

Statement of Comprehensive Income 30 September 2024

| | 2024-25 half year actuals September 2024 | 2023-24 March 2024 |
|---|--|-----------------------|
| Turnover | 116,033 | 230,471 |
| Operating Costs | (93,855) | (183,917) |
| Gain on disposal | 8,921 | 5,146 |
| Operating surplus | 31,099 | 51,700 |
| Net financing costs | (24,931) | (49,585) |
| Share of operating deficit in Joint Venture | (39) | (95) |
| Gain on business combination | 0 | 2,388 |
| Other finance charges | (282) | (545) |
| Surplus for the period | 5,847 | 3,863 |

Statement of Financial Position as at 30 September 2024

| | 2024-25 half year actuals September 2024 | 2023-24 March 2024 |
|---------------------------------------|--|-----------------------|
| Housing Properties | 2,046,870 | 2,028,107 |
| Other fixed assets | 27,046 | 23,302 |
| Current assets | 112,443 | 101,668 |
| Current liabilities | (170,232) | (158,589) |
| Total assets less current liabilities | 2,016,127 | 1,994,488 |
| Creditors due > one year | (1,435,146) | (1,418,054) |
| Pensions and other provisions | (13,812) | (15,115) |
| Total net assets | 567,169 | 561,319 |
| Total reserves | 567,169 | 561,319 |

GSA credit ratings and governance

GSA is rated Baa1 (stable) by Moody's and A- (stable) by Fitch, and G1/V2 by the Regulator of Social Housing (November 2023)

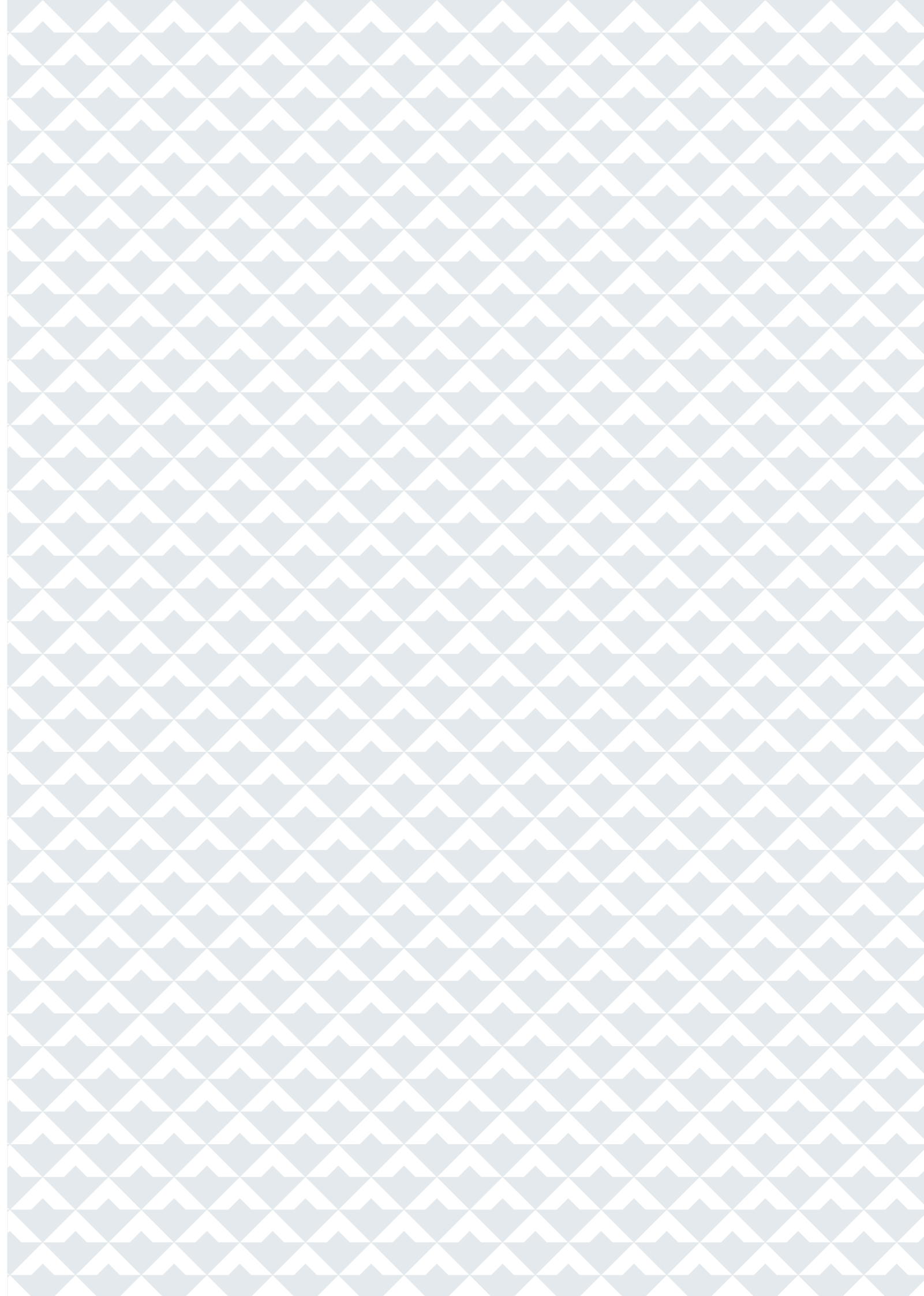
Contact

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