

2022/23 financial statements and supplementary information for investors

Paragon Treasury Plc's parent company, Paragon Asra Housing Limited ('PA'), announces the release of its audited financial statements for the financial year ended 31 March 2023.

The financial year saw growing economic impacts, with rising inflation and interest rates, and uncertainty surrounding the housing market. Key contractors and suppliers also faced challenges, and in some cases sought to pass on higher costs. In particular, we experienced significant cost increases on our energy supply contracts arising from the conflict in Ukraine and the disruption to global energy supplies. For our residents, the cost of living crisis was a significant factor, introducing heightened risk around rent collection. We have expanded our support offering to residents as we work together through the tough economic climate.

Our financial planning remained robust and agile in response to these challenges.

Within the above context, we confirm a set of results which aligned with Board expectations for the year, taking into account the rapidly evolving operating environment. The audited financial statements are consistent with the results disclosed in the trading update released on 2 June 2023, which was based on the unaudited management accounts for the year. The most material change from the preliminary results was in relation to standard year end

accounting adjustments below the line of operating surplus, which reduced PA entity total comprehensive from £36.1m as reported in June to £34.0m.

Operating margin from social housing lettings continues to be impacted by additional remediation spend on a small number of estates requiring fire safety improvements, due to historic issues with the quality of the

Headline Group figures are as follows:

	2022/23	2021/22	2020/21
Turnover £m	181	169	157
Of which shared ownership sales	21	20	12
Operating surplus £m	40	47	41
Operating margin (all activities)	22%	28%	26%
Operating margin (social housing lettings)	19%	22%	25%
Operating margin (SH lettings - excl. additional fire safety expenditure)	22%	27%	28%
Operating margin (shared ownership sales)	23%	30%	31%
Net surplus before tax £m	9	20	17
Total assets less current liabilities £m	2,155	2,054	1,856
Cash reserves £m	29	38	41
Financial indebtedness £m	1,086	994	882
Properties owned / managed	23,993	23,292	23,020

safety installations. As noted in 2022, this factor will continue to influence reported results for at least the next two financial years while the remediation projects continue.

As reported in our previous announcements, the challenging trading conditions over recent years have necessitated planned deviation from some of our financial golden rules. The Board has been working to review and update these rules, to reflect our ambition to increase investment in existing homes and services, downscale our development programme, and reduce exposure to sales risk. The new framework is designed to further enhance our resilience to future adverse trading conditions. We will outline our position and plans through our regular updates to investors. In the meantime we are happy to respond to individual enquiries.

The full audited financial statements for PA are available from the Investor Relations section of our website: www.pahousing.co.uk/about-us/investor-relations. The document includes information about our performance during the year and future expectations.

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