

# Orbit Group's Interim Performance Update covering the six-month period to 30<sup>th</sup> September 2023

## XX December 2023

Orbit Group Limited ('Orbit Group', 'Orbit' or the 'Company'), maintains a strong half-year performance\* despite the challenging economic headwinds.

### Highlights

- **Group turnover for the year to date of £189.2m** (2022/23 H1: £206.7m)
- **Operating surplus for the year to date excluding sale of fixed assets of £43.7m** (2022/23 H1: £49.4m)
- **Surplus for the year to date of £22.0m** (2022/23 H1: £45.4m, reflecting the completion of a £16.2m bulk fixed asset disposal)
- **402 new homes completed** against a target of 331, of which 326 were affordable
- Transactional **customer satisfaction of 4.04 out of 5**
- **Continued G1 (Governance) and V2 (Viability) rating** from the Regulator of Social Housing

### Financial performance

Despite the impact of high interest rates, overall property sales are slightly ahead of budget, and build completions have outperformed half-year targets, with 402 homes of all tenure types delivered. Rental income is ahead of budget due to higher build volumes, and voids are fractionally favourable to budgeted levels.

However, inflationary pressures and additional repairs continue to place upward pressure on operating costs.

### Investing in our homes

Our focus continues to be on providing good quality, affordable and safe homes for our customers. We invested £43.4 million in our properties during this period (2022/23 H1: £35.5m) and continue to improve the energy efficiency of our properties, with 84.1% of our homes now at EPC band C or above.

Housing fixed assets total £3.09bn (2022/23 H1: £2.96bn). Net debt at the period end was £1.58bn (2022/23 H1: £1.52bn) with £0.5bn (2022/23 H1: £0.5bn) of available liquidity.

### Supporting our customers

The cost-of-living challenge remains a prominent issue for our customers and a key focus of our support.

We introduced extra measures to help customers, including £2.4 million in cost-of-living support and increasing investment in our Better Days programme, which provides customers with a range of support from direct financial help and grants to mental health and employment and skills support.

Nearly 4,000 customers have been supported during the half-year through this programme and we have further enhanced access to this vital support through the delivery of delivered 500 Better Days activities within our communities and the launch of a Better Days hub for customers who prefer face-to-face support.

### **Sustainability progress**

We have updated our Sustainability Strategy and targets in recognition of the cost-of-living crisis, the impact of climate change on customers and recent world events, and secured two sustainability-linked loans (SLL) linked to the achievement of our sustainability Key Performance Indicators (KPI).

The Group's social impact value is standing at £10.1m, and progression on our Net Zero Carbon Roadmap continues. Work to improve the energy efficiency of 141 properties in the West Midlands as part of Wave 1 of the government's Social Housing Demonstrator Fund (SHDF) is nearing completion and work is well underway to upgrade a further 212 properties as part of Wave 2.1 funding.

### **Great place to work**

Supporting our strong Orbit culture, we have updated our Equity, Diversity, and Inclusion strategy in collaboration with our colleagues and launched a new colleague ambassadors' group to work with us to shape our culture and values.

We received the Employer Recognition Scheme (ERS) Gold Award from the Ministry of Defence for our support of the Armed Forces community, and continue to achieve strong colleague engagement, with 83% engagement in our most recent colleague survey.

### **Comment from Jonathan Wallbank, Group Finance Director:**

"This continued to be an economically challenging environment, with high interest rates placing pressure on the property market, and customers facing high household costs as a result of the cost-of-living crisis.

"In response, we have increased our levels of support and arrears continue to remain low. Our new build programme has performed well with rental income ahead of budget due to higher build volumes, and voids are fractionally favourable to budgeted levels.

"We remain a financially robust association with strong liquidity position, continued business resilience and capability to navigate the challenging economic climate."

- Ends -

\* All financial figures for H1 2022/23 and H1 2023/24 are based on unaudited management accounts.

### **For further information please contact:**

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Note: Figures quoted in the update are based on unaudited management accounts which are subject to review and further adjustments, for example in the areas of pensions, investment property valuation and taxation.