23 February 2021

Springfield Properties plc
("Springfield", the "Company" or the "Group")

Interim Results
Significant six-month growth – well placed for the full year
Substantial reduction in net debt through delivery against strong order book

Springfield Properties (AIM: SPR), a leading housebuilder in Scotland delivering private and affordable housing, announces its interim results for the six months ended 30 November 2020.

Financial Summary

	H1 2020/21 £m	H1 2019/20 £m	Change
Revenue	94.4	79.8	+18.3%
Gross margin	19.6%	19.9%	-30bps
Operating profit*	9.8	6.9	+42.0%
Profit before tax*	9.0	6.3	+42.9%
Basic EPS* (p)	7.55p	5.28p	+43.0%
Interim dividend per share (p)	1.3p	-	-

** Adjusted to exclude exceptional expenses of £0.5m primarily relating to consolidation of Livingston operations into the existing Larbert office (H1 2019/20: £nil)*

Operational Summary

- Build and sales activity rebounded strongly following resumption of operations from late June – reflecting a longer shutdown of construction sites in Scotland due to COVID-19 restrictions
    - Resumption of build work enabled completion of homes scheduled for handover in April and May 2020; sites have remained open with no significant impact from subsequent lockdowns
    - Robust sales activity strengthened the order book, providing substantial visibility over full year forecasts
- Realisation of work in progress enabled substantial reduction in net debt to £33.2m at 30 November 2020 from £68.8m at 31 May 2020
- Total completions increased to 443 homes (H1 2019/20: 438)
- Sustained progress in advancing land bank with planning approval received for more than 450 homes during the period and the proportion of land bank with planning permission increasing to 53.8% (31 May 2020: 49.7%)
- Total land bank of 15,029 plots (31 May 2020: 15,882) with Gross Development Value ("GDV") of £3.1bn (31 May 2020: £3.3bn)
- Strengthened operations with implementation of efficiency and rationalisation measures to reduce costs by approximately £1m on an annualised basis
- Post period, agreed with Sigma Capital Group plc to commence progressing first homes for the Private Rental Sector ("PRS") at Bertha Park Village

Private Housing Delivery

- Revenue of £74.3m (H1 2019/20: £57.1m) with 311 completions (H1 2019/20: 258)
- Significant growth primarily reflecting completion of homes originally scheduled to be delivered at the end of 2019/20, but postponed to this year due to the temporary cessation of build activity during the first COVID-19 lockdown
- Strong sales activity following reopening of sales offices at the end of June; reflecting pent-up demand and increasing desirability of the type of larger housing with plenty of green space that Springfield offers

- Continued progress on Village developments, with key highlights including:
    - Advancing of community facilities, including the opening of convenience stores at Bertha Park, Perth and Dykes of Gray, Dundee
    - Planning approval received for PRS homes at Bertha Park

Affordable Housing Delivery

- Revenue of £19.5m (H1 2019/20: £22.2m) with 132 completions (H1 2019/20: 180), reflecting limited activity in June 2020 compared with a full six-month period of operations for the comparative period
- Construction commenced at The Wisp, Edinburgh – a 104-home development – and on the first phase of 144 homes at Dalmarnock, Glasgow under agreements worth £18.5m and £18.2m respectively
- Continued progress under the Group's local authority framework agreement with Moray Council for 10 affordable-only developments with completion of handovers at the second development
- Commenced handovers at Duns in the Scottish Borders to Berwickshire Housing Association – a new partner for Springfield

Innes Smith, Chief Executive Officer of Springfield Properties, commented: "This has been an excellent six months for Springfield. We safely and efficiently resumed construction to complete the homes that had been scheduled for handover at the end of the previous financial year. Our sales offices re-opened to significant interest, reflecting pent-up demand and the increasing desirability for the type of housing Springfield provides with spacious homes with private gardens and easy access to plenty of green space. As a result, we were able to deliver significant revenue growth and substantially reduce our net debt position, reflecting the operational gearing of the business. On behalf of the Board, I would like thank our employees for their hard work and dedication during this time, which has enabled us to achieve these great results.

"Springfield has a large, high-quality land bank across almost all the key geographies in Scotland, which we continued to develop and received planning approval for over 450 homes. We strengthened our operations by implementing a number of efficiency and rationalisation measures that will reduce our cost base going forward. We are also pleased to have agreed, post period, with Sigma Capital that we will be progressing our first housing for the private rental sector at our Bertha Park Village.

"With substantial visibility over our private and affordable housing revenue for the full year, we look forward to delivering significant growth for 2020/21, and expect to be slightly ahead of current market expectations."

Enquiries

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Analyst Presentation

Innes Smith, Chief Executive Officer, and Michelle Motion, Chief Financial Officer, will be hosting a webinar for analysts at 9.00am GMT today. To register to participate, please contact joequinlan@luther.co.uk.

Operational Review

Springfield achieved significant growth in the first half of 2020/21, driven by strong sales of the Group's private housing. This primarily reflects the completion of homes that were scheduled to be delivered in the final two months of 2019/20, but which were postponed to H1 2020/21 due to the temporary cessation of build activity during the first COVID-19 lockdown. Operations on site were resumed, with COVID-19 safe working protocols in place, from 15 June 2020 and construction activity had recommenced on every development by mid-July. The Group's operations have continued with minimal disruption since re-opening in June and the Scottish Government has provided certainty that housebuilding and supporting activities can continue in all tiers of the local restrictions that have been in place in Scotland since October 2020.

Sales activity rebounded strongly following the reopening of sales offices on 29 June 2020. This reflects pent-up demand as well as an increasing desirability for the type of private housing Springfield offers, with larger homes, gardens and access to plenty of green space, particularly at its Village developments. The Group's sales teams also successfully adapted to new ways of engaging customers. In particular, this includes greater use of technology, such as virtual walkthroughs of show homes and online reservations. The Group also continued to expand its pipeline of contracted revenue in affordable housing to be delivered during the year.

During the period, the Group undertook a review of its business to identify areas for greater efficiency and rationalisation. These measures, which include consolidating its Livingston operations at its office in Larbert, will improve efficiency, reduce overheads and strengthen the Group's ability to navigate any potential future challenges.

Land Bank

In the first half of the year, the Group focused on realising value from its large, high-quality land bank and generating cash by prioritising the delivery of homes nearing completion. At 30 November 2020, the Group had 43 active developments (31 May 2020: 44 active developments) and during the period:

- five developments were completed;
- four new active developments were added to the land bank;
- planning gained on 479 plots over eight developments;
- the proportion of the land bank with planning consent increased to 53.8% (31 May 2020: 49.7%); and
- as at 30 November 2020, the land bank consisted of 15,029 plots (31 May 2020: 15,882).

Private Housing

During the period, the Group completed 311 private homes (H1 2019/20: 258). The average selling price for private housing increased to £239k compared with £221k for H1 2019/20 due to housing mix.

The Group had 26 active private housing developments at 30 November 2020 (31 May 2020: 25), with four active developments added during the period and three developments completed. In total, as at 30 November 2020, the private housing land bank was 10,815 plots on 60 developments (31 May 2020: 11,416 plots on 61 developments).

During the period, the Group gained planning consent for 89 plots across two developments for private housing. As at 30 November 2020, 52.1% (5,639 plots) of private housing plots had planning consent (31 May 2020: 49.7%), with 26.7% going through the planning process and 21.2% at the pre-planning stage.

Village developments

Springfield Villages are standalone developments that include infrastructure and neighbourhood amenities. Each Village is designed to have up to approximately 3,000 homes, catering for around 7,000 residents, with ample green space and community facilities. They primarily offer private housing, but also include affordable housing and with the potential to expand to include PRS housing. The Group has three Villages that are home to growing communities and two Village developments that are going through the planning process.

Key developments during the period include the expansion of amenities at the Group's most advanced Villages – Dykes of Gray near Dundee and Bertha Park near Perth – with the opening of convenience stores. The Group also strengthened community engagement at these Villages with the appointment of a community liaison officer and the launch of quarterly newsletters.

A key milestone was achieved, post period, with the Group agreeing with Sigma Capital Group plc ("Sigma"), a high-quality PRS provider specialising in suburban, family homes, to commence progressing housing for PRS at Bertha Park. This will be Springfield's first PRS housing. It follows the Group entering into a strategic partnership with Sigma last year and, during the period, receiving planning approval for 75 homes to be built for PRS at Bertha Park. The Group will deliver purpose-built houses for families to rent, which, following handover, will be owned, let and managed by Sigma under its 'Simple Life' brand. This is expected to increase the build out rate for the Village and underscores Springfield's commitment to develop mixed-tenure Villages that meet everyone's housing needs.

Also at Bertha Park, post period, the Group commenced construction on the second phase of private housing, which consists of 25 homes.

Other private housing highlights

Outside of its Village developments, the Group completed 243 private homes during the period (H1 2019/20: 200). Private housing revenue excluding the contribution from Villages made up 79.8% of total private housing revenue (H1 2019/20: 82.3%). The significant increase in completions primarily reflects the handing over of homes that had been nearing completion prior to lockdown.

As noted, the Group's sales teams successfully adapted to new ways of engaging customers as a result of the pandemic. This included developing a facility to enable digital reservations with secure online payments and arranging 'drive in' reservations where customers remain in their vehicle while liaising with sales personnel.

Affordable Housing

During the period, Springfield completed 132 affordable homes (H1 2019/20: 180). The reduction was primarily due to monthly valuations (of work completed) largely recommencing in July, following work on site resuming from late June, compared with a full six-month period for H1 2019/20. The average selling price increased to £148k compared with £123k for H1 2019/20 reflecting the higher build costs of the property types and locations of the homes delivered as well as the prior period including a larger proportion of cost-plus contract sales.

The number of active affordable housing developments was 17 at 30 November 2020 (31 May 2020: 19), of which seven were affordable-only developments (31 May 2020: nine). As at 30 November 2020, the total affordable housing land bank was 4,214 plots on 44 developments (31 May 2020: 4,466 plots on 47 developments).

During the period, Springfield secured planning consent for 390 affordable housing plots across eight developments (of which one was an affordable-only development). As at 30 November 2020, 58.2%

(2,453 plots) of affordable housing plots had planning (31 May 2020: 48.7%), with 24.7% of plots going through the planning process and 17.1% at the pre-planning stage.

Key operational highlights in affordable housing during the period include commencing construction at The Wisp, Edinburgh under an £18.5m development agreement with PfP Capital for 104 apartments and at Dalmarnock, Glasgow under an £18.2m agreement with West of Scotland Housing Association for 144 affordable homes and two commercial units. This represents the first phase of construction at these two large developments that are for a total of 200 and 237 homes respectively.

Springfield continued to make progress under its local authority framework agreement with Moray Council for 10 affordable-only developments. The Group completed handover of a second development under this agreement and commenced construction on another development – with four developments currently undergoing construction. The Group is also nearing completion of its second phase of 58 affordable homes at Bertha Park Village.

The Group commenced handovers at Duns in the Scottish Borders to Berwickshire Housing Association. This is Springfield's first project with this housing association and represents an expansion of its partnership network.

Financial Review

Revenue for the six months to 30 November 2020 increased by 18.3% to £94.4m (H1 2019/20: £79.8m). This reflects significant growth in private housing revenue, which was primarily due to the handover of homes that were scheduled for completion in April and May 2020 being postponed into the new financial year. Revenue from affordable housing was lower compared with the first half of the previous year due to monthly payments on contracts largely recommencing from July. Consequently, private housing accounted for 78.7% (H1 2019/20: 71.5%) of Group revenue with affordable housing contributing 20.6% (H1 2019/20: 27.7%) of total sales.

Revenue	**H1 2020/21 £'000**	**H1 2019/20 £'000**	**Change**
Private housing	74,334	57,058	+30.3%
Affordable housing	19,483	22,154	-12.1%
Other*	605	634	-4.6%
TOTAL	**94,422**	**79,846**	**+18.3%**

* Principally land sale, plant hire revenues as well as construction-only projects, typically on land not owned or controlled by Springfield where the Group receives fees for design and construction work.

Gross profit increased by 16.4% to £18.5m (H1 2019/20: £15.9m) due to the higher revenue. Gross margin was 19.6% (H1 2019/20: 19.9%), which primarily reflects changes in sales mix. There were also some one-off costs related to the start-up of operations following lockdown.

Administrative expenses were lower at £8.9m (H1 2019/20: £9.1m). The reduction reflects the initial savings from the measures implemented following the Group's review of its business to identify areas for greater efficiency and rationalisation as noted above. The Group expects these measures to reduce expenses by approximately £1m on an annualised basis from the current financial year.

Exceptional items during the period were £0.5m (H1 2019/20: £nil). This mainly relates to employee costs as a result of the consolidation of the Group's Livingston operations at its office in Larbert as well as the cost of furloughed employees, which was largely offset by grant income received under the UK Government's Coronavirus Job Retention Scheme.

Operating profit increased to £9.3m (H1 2019/20: £6.9m) and operating profit before exceptional items increased to £9.8m (H1 2019/20: £6.9m), which was due to the higher revenue. Profit before tax was £8.6m (2019/20: £6.3m) and profit before tax and exceptional items was £9.0m (H1 2019/20: £6.3m), which primarily reflects the greater revenue, but also lower finance costs.

Basic earnings per share increased to 7.07 pence (H1 2019/20: 5.28 pence). Basic earnings per share (excluding exceptional items) increased to 7.55 pence (H1 2019/20: 5.28 pence).

Net debt (excluding right-of-use lease liability) at 30 November 2020 was £33.2m (31 May 2020: £68.8m; 30 November 2019: £53.7m). The substantial reduction reflects the Group completing handovers and delivering against its strong order book of near-term revenue following the recommencement of operations at the end of June, generating a net cash inflow from operations of £36.3m (H1 2019/20: outflow of £20.4m).

In April 2020, in response to the COVID-19 outbreak, the Group agreed an additional £18m, 12-month, term loan facility to ensure it would have sufficient financial headroom in the event of a 12-month lockdown. With the Group's strong financial performance following the resumption of operations, the facility has been largely unutilised and the Group does not intend to renew it at the end of its term in April 2021.

Sustainability

Springfield has always had sustainability at its core – taking measures to protect the environment, supporting the development of local communities and the Group's workforce, and building a business to last.

During the period, the Group continued to pursue initiatives to increase the sustainable nature of its operations. In particular, the Group strengthened its community engagement at its Village developments with the establishment of community liaison officers and commencing the publication of quarterly newsletters. The Group also continued its commitment to education by delivering its student mentoring and work placements activities on a virtual basis and, post period, developing video clips showcasing roles and skills within the business to inspire school pupils. In further support for the transition to employment, the Group maintained its apprenticeship programmes, with 17% of its employees during the period in apprenticeships or formal training programmes.

The wellbeing of its workforce has always been of paramount importance to Springfield. The Group continued to actively implement COVID-19 safety measures across its business and, post period, enrolled in asymptomatic testing initiatives being piloted by Moray and Fife Councils. To help reduce community transmission and protect workers, mobile testing stations will be set up at each of the Group's developments in Moray and Fife to conduct lateral flow tests on everyone on site. If anyone tests positive, they will be asked to self-isolate immediately and book a PCR test at one of the larger test centres to confirm the result.

The Group is in the process of formalising a framework to capture its values and vision with regards to sustainability and establish targets against which progress can be measured. The Group looks forward to providing an update on these activities in its annual report where it will also continue to disclose its energy usage and greenhouse gas emissions.

Markets

The Group continues to be supported by strong short- and long-term market drivers across its private and affordable housing.

Demand for housing in Scotland continues to outstrip supply at a time of low interest rates and good mortgage availability. As a result, house prices remain buoyant, with an increase of 8.6% in the average house price in Scotland in the year to November 2020.

A further key trend is the increasing desirability for the type of housing Springfield offers. Customers are prioritising homes that are more spacious, with gardens and greenspace and, as particularly provided by the Group's Village developments, have local amenities within walking distance.

While the Group was disappointed to note Help to Buy (Scotland) being largely closed to new applicants ahead of schedule, the pricing for the majority of its private housing falls outside the scheme limit and its cessation is applicable to approximately 5% of Group revenue (based on H1 2020/21 and FY 2019/20 sales). Moreover, the Scottish Government continues to support the private housing market with the First Home Fund, an interest-free equity loan for first time buyers of up to £25,000 and which is not restricted by house price.

The Scottish Government has reiterated its commitment to the delivery of affordable housing, including in its recently published Infrastructure and Investment Plan. Over £3.4bn has been earmarked for affordable housing funding through to March 2026, starting with an allocation of £787.6m for 2021-22.

The Board keeps under review the potential impact of Brexit and the global COVID-19 lockdowns on the price and availability of materials and labour, and currently does not expect the Group to be significantly affected. Over 60% of the Group's private homes are built with timber kits produced at the Group's own off-site manufacturing facility. The Group has long-established relationships with suppliers and sub-contractors across Scotland. In addition, the Group has an established supply of skilled labour, which is supported by its apprenticeship and training programmes. As a result, the anticipated increases in labour and material costs are expected to have an immaterial impact on total costs, and are expected to be offset by the anticipated increases in housing sales prices.

Dividend

The Board is pleased to declare an interim dividend of 1.3p per share with an ex-dividend date of 4 March 2021, a record date of 5 March 2021 and a payment date of 25 March 2021.

Outlook

Springfield entered the second half of the 2020/21 financial year delivering against a strong order book, with substantial visibility over full year revenue forecasts based on homes delivered, contracted (missived and affordable contracts) and reserved. The Group's operations have continued with minimal disruption since re-opening in June and the Scottish Government has provided certainty that housebuilding and supporting activities can continue in all tiers of the local restrictions that have been in place in Scotland since October 2020.

The Group continues to experience excellent demand across the business, which is supported by strong market drivers in private and affordable housing. There remains an undersupply of housing in Scotland and the desirability of the type of housing Springfield offers has increased. With strong demand, good mortgage availability, low interest rates and the First Home Fund for first time buyers, the Group does not expect to be materially affected by the closing of Help to Buy (Scotland). In addition, it does not anticipate any significant impact on its supply chain as a result of the UK leaving the EU, although the Board keeps this under review.

As a result, the Group remains on track to report significant growth for full year 2020/21, and to be slightly ahead of current market expectations, reflecting increased sales of both private and affordable housing, and the Board continues to look to the future with confidence.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE PERIOD TO 30 NOVEMBER 2020

	Notes	Unaudited Period to 30 November 2020 £000	Unaudited Period to 30 November 2019 £000	Audited Year to 31 May 2020 £000
Revenue	**4**	94,422	79,846	144,447
Cost of sales		(75,917)	(63,950)	(117,096)
Gross profit	**4**	**18,505**	**15,896**	**27,351**
Administrative expenses		(8,864)	(9,125)	(16,520)
Exceptional items	**5**	(472)	-	(422)
Other operating income		135	162	428
Operating profit		**9,304**	**6,933**	**10,837**
Share of pre-tax profits from joint venture		-	408	852
Finance income		148	154	320
Finance costs		(894)	(1,194)	(2,273)
Profit before taxation		**8,558**	**6,301**	**9,736**
Taxation	**6**	(1,640)	(1,211)	(2,093)
Profit for the period and total comprehensive income	**4**	**6,918**	**5,090**	**7,643**
Profit for the period and total comprehensive income is attributable to:				
- Owners of the parent company		6,918	5,084	7,646
- Non-controlling interest		-	6	(3)
		6,918	**5,090**	**7,643**
Earnings per share				
Basic earnings per share (pence per share)	**7**	7.07p	5.28p	7.89p
Diluted earnings per share (pence per share)	**7**	6.96p	5.23p	7.81p

The Group has no items of other comprehensive income.

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

AS AT 30 NOVEMBER 2020

Non-current assets	Notes	Unaudited Period to 30 November 2020 £000	Unaudited Period to 30 November 2019 As restated £000	Audited Year to 31 May 2020 As restated £000
Property, plant and equipment		5,436	6,930	6,342
Intangible assets		1,655	1,649	1,649
Investments		-	949	202
Deferred taxation		198	124	203
Accounts receivable		563	558	4,899
		7,852	**10,210**	**13,295**
Current assets				
Inventories		155,066	170,951	174,400
Trade and other receivables		17,586	18,877	8,968
Cash and cash equivalents		1,748	772	1,522
		174,400	**190,600**	**184,890**
Total assets		**182,252**	**200,810**	**198,185**
Current liabilities				
Trade and other payables		35,144	38,436	20,781
Deferred consideration	**10**	2,167	2,167	2,107
Bank term loan		18,000	-	18,000
Short-term obligations under lease liabilities		941	1,250	1,188
Corporation tax		494	513	780
		56,746	**42,366**	**42,856**
Non-current liabilities				
Long-term borrowings		16,000	53,000	51,000
Long-term obligations under lease liabilities		2,046	2,541	2,255
Deferred consideration	**10**	-	2,047	-
Deferred taxation		2,419	2,380	2,413
Provisions	**11**	3,848	7,665	3,797
		24,313	**67,633**	**59,465**
Total liabilities		**81,059**	**109,999**	**102,321**
Net assets		**101,193**	**90,811**	**95,864**
Equity				
Share capital	**9**	122	120	122
Share premium	**9**	52,382	50,118	52,330
Retained earnings		48,689	40,537	43,412
Equity attributable to owners of the parent company		**101,193**	**90,775**	**95,864**
Non-controlling interest		-	36	-
Total equity		**101,193**	**90,811**	**95,864**

The directors have reviewed the liabilities included in the provisions line in the prior year and prior half year and have concluded, in line with accounting standards, that deferred taxation and deferred consideration should have been presented separately. The prior year and prior half year have been restated to reflect that. These presentation changes have no impact on net assets in either period.

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD TO 30 NOVEMBER 2020

	Notes	Share Capital £000	Share Premium £000	Retained earnings £000	Non Controlling Interest £000	Total £000
1 June 2019		**120**	**50,118**	**38,292**	**30**	**88,560**
Total comprehensive income for the period		-	-	5,084	6	5,090
Dividends	**8**	-	-	(3,083)	-	(3,083)
Share based payments		-	-	244	-	244
30 November 2019		**120**	**50,118**	**40,537**	**36**	**90,811**
Share issue		2	2,212	-	-	2,214
Total comprehensive income for the period		-	-	2,562	(9)	2,553
Acquisition of minority interest		-	-	-	(27)	(27)
Share based payments		-	-	313	-	313
31 May 2020		**122**	**52,330**	**43,412**	**-**	**95,864**
Share issue		-	52	-	-	52
Total comprehensive income for the period		-	-	6,918	-	6,918
Dividends	**8**	-	-	(1,958)	-	(1,958)
Share based payments		-	-	317	-	317
30 November 2020	**9**	**122**	**52,382**	**48,689**	**-**	**101,193**

The share capital accounts record the nominal value of shares issued.

The share premium account records the amount above the nominal value for shares issued, less transaction costs.

Retained earnings represents accumulated profits less losses and distributions. Retained earnings also includes share based payment reserves.

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD TO 30 NOVEMBER 2020

	Unaudited Period to 30 November 2020	Unaudited Period to 30 November 2019	Audited Year to 31 May 2020
	£000	£000	£000
Operating activities			
Profit for the period	6,918	5,090	7,643
Taxation charged	1,640	1,211	2,093
Finance costs	894	1,194	2,273
Interest receivable and similar income	(148)	(154)	(320)
Gain on disposal of tangible fixed assets	(39)	(46)	(71)
Share based payment expense	317	244	557
Non-cash movement	150	200	631
Share of joint venture profit	-	(340)	319
Amortisation of intangible fixed assets	56	-	8
Depreciation of tangible fixed assets	1,138	1,153	2,356
Operating cash flows before movements in working capital	**10,926**	**8,552**	**15,489**
Decrease/(increase) in inventory	19,438	(21,843)	(25,642)
(Increase)/decrease in trade and other receivables	(4,125)	735	6,533
Increase/(decrease) in trade and other payables	12,326	(5,389)	(22,960)
Net cash generated from/(used in) operations	**38,565**	**(17,945)**	**(26,580)**
Taxes paid	(2,272)	(2,417)	(3,125)
Net cash inflow/(outflow) from operating activities	**36,293**	**(20,362)**	**(29,705)**
Investing activities			
Purchase of property, plant and equipment	(49)	(245)	(553)
Proceeds on disposal of property, plant and equipment	87	77	101
Purchase of subsidiary undertaking, net of cash acquired	304	-	(4,000)
Proceeds from joint venture loan	-	828	828
Interest received	8	14	38
Net cash from/(used in) investing activities	**350**	**674**	**(3,586)**
Financing activities			
Proceeds from issue of shares	52	-	26
Proceeds from bank loans	-	22,000	38,000
Repayment of bank loans	(35,000)	-	-
Principal repaid on lease liabilities	(753)	(825)	(1,531)
Dividends paid	-	(3,083)	(3,083)
Interest paid	(716)	(694)	(1,661)
Net cash (used in)/from financing activities	**(36,417)**	**17,398**	**31,751**
Net increase/(decrease) in cash and cash equivalents	226	(2,290)	(1,540)
Cash and cash equivalents at beginning of period	1,522	3,062	3,062
Cash and cash equivalents at end of period	**1,748**	**772**	**1,522**

The accompanying notes form an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD 30 NOVEMBER 2020

1. Organisation and trading activities

Springfield Properties PLC ("the group") is incorporated and domiciled in Scotland as a public limited company and operates from its registered office in Alexander Fleming House, 8 Southfield Drive, Elgin, IV30 6GR.

The consolidated interim financial statements for the Group for the six month period ended 30 November 2020 comprises the Company and its subsidiaries. The basis of preparation of the consolidated interim financial statements is set out in note 2 below.

The Group consists of Springfield Properties PLC and its subsidiaries Glassgreen Hire Limited, DHomes 2014 Holdings Limited, Walker Holdings (Scotland) Limited and SP Sub 2018 Limited.

The Group also indirectly includes Dawn Homes Limited, Dawn (Robroyston) Limited, DHPL Limited and DHHG 1 Limited who are subsidiaries of DHomes 2014 Limited.

The Group also indirectly includes Walker Group (Scotland) Limited, Walker Residential (Scotland) Limited, Walker Contracts (Scotland) Limited and Craig Developments Limited who are subsidiaries of Walker Holdings (Scotland) Limited.

The financial information for six month period ended 30 November 2020 is unaudited. It does not constitute statutory financial statements within the meaning of Section 434 of the Companies Act 2016. The consolidated interim financial statements should be read in conjunction with the financial information for the year ended 31 May 2020, which has been prepared in accordance with IFRSs as adopted by the European Union. The report of the auditors on those financial statement was unqualified, did not contain an emphasis of matter paragraph and did not contain a statement under section 434 of the Companies Act 2006.

2. Basis of preparation

The interim financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting, as adopted by the EU.

The interim financial statements have been prepared on a going concern basis and under the historical cost convention.

The Directors have considered the principal risks and uncertainties the Group faces and other factors impacting the Groups future performance such as the COVID-19 pandemic. The actions taken in the period along with the significant debt reduction in the period give the Directors comfort that the Group has adequate resources to continue in operational existence for the foreseeable future.

The interim financial statements have been presented in pounds and all values are rounded to the nearest thousand (£'000), except when otherwise indicated.

The preparation of Financial information requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amounts, events or actions, actual events may ultimately differ from those estimates.

The interim financial statements do not include all financial risk information and disclosures required in the annual financial statements and they should be read in conjunction with the financial information that is presented in the group's audited financial statements for the year ended 31 May 2020. There has been no significant change in any risk management polices since the date of the last audited financial statements.

3. Accounting Policies

The accounting policies used in preparing these interim financial statements are the same as those set out and used in preparing the group's audited financial statements for the year ended 31 May 2020.

The IASB and IFRIC have issued the following standards and interpretations, which are considered relevant to the Group.

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Disclosure Initiative - Definition of Material)
- IFRS 3 Business Combinations (Amendment – Definition of Business)
- Conceptual Framework for Financial Reporting (Revised)
- IBOR Reform and its Effects on Financial Reporting – Phase 1

The above standards and interpretations will be adopted in accordance with their effective dates. The Directors continue to review the requirements of the standards and interpretations listed above, however they are not expected to have a material impact on the Group's financial statements in the period of initial application.

Prior period restatement

The directors have reviewed the liabilities included in the provisions line in the prior year and prior half year and have concluded, in line with accounting standards, that deferred taxation and deferred consideration should have been presented separately. The prior year and prior half year have been restated to reflect that. These presentation changes have no impact on net assets in either period.

Principal risks and uncertainties

As with any business, Springfield Properties PLC faces a number of risks and uncertainties in the course of its day to day operations.

The principal risks and uncertainties facing the Group are outlined within our latest annual financial statements for the year ended 31 May 2020. We have reviewed these risks and uncertainties which remain relevant for both the 6 months to 30 November 2020 and the full financial year to 31 May 2021. We continue to manage and mitigate these where relevant.

Exceptional items

Exceptional items are those material items which, by virtue of their size or incidence, are presented separately in the profit and loss account to enable a full understanding of the Group's financial performance. Transactions that may give rise to exceptional items include transactions relating to acquisitions, costs relating to changes in share capital structure and restructuring costs.

With respect to the impact of COVID-19, the furlough grant income received from the government has been separately disclosed within the consolidated profit and loss account as exceptional, due to its incremental nature. The direct furlough payroll costs are considered abnormal costs in the current period and consistent with previous periods, any direct payroll costs reflecting employee down time (abnormal production) is expensed to the profit and loss account. Due to the COVID-19 pandemic, the quantum of direct employee down time in the current period is significant. The administrative furlough payroll costs disclosed as exceptional are considered to be interdependent with the related government grant income and while not being incremental or abnormal in nature, the government support measures were key in protecting these jobs.

Redundancy costs relate to a review of our business to identify areas for greater efficiency and rationalisation including consolidating our Livingston operations at our office in Larbert.

4. Segmental Analysis

A segment is a distinguishable component of the Group's activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's chief operational decision makers to make decisions about the allocation of resources and assessment of performance and about which discrete financial information is available.

In identifying its operating segments, management generally follows the Group's service line which represent the main products and services provided by the Group. The Directors believe that the Group operates in one segment:

- Housing building activity

As the Group operates solely in the United Kingdom segment reporting by geographical region is not required.

	Unaudited Period to 30 November 2020	Unaudited Period to 30 November 2019	Audited Year to 31 May 2020
Revenue	**£000**	**£000**	**£000**
Private residential properties	74,334	57,058	98,924
Affordable housing	19,483	22,154	43,435
Other	605	634	2,088
Total Revenue	**94,422**	**79,846**	**144,447**
Gross Profit	**18,505**	**15,896**	**27,351**
Administrative expenses	(8,864)	(9,125)	(16,520)
Profit before tax from joint venture	-	408	852
Other operating Income	135	162	428
Finance income	148	154	320
Finance expense	(894)	(1,194)	(2,273)
Exceptional items	(472)	-	(422)
Profit before tax	**8,558**	**6,301**	**9,736**
Taxation	(1,640)	(1,211)	(2,093)
Profit for the period	**6,918**	**5,090**	**7,643**

5. Exceptional items

	Unaudited Period to 30 November 2020	Unaudited Period to 30 November 2019	Audited Year to 31 May 2020
	£000	£000	£000
Government grant income (1)	1,803	-	2,723
Wage cost for furloughed employees (1)	(1,959)	-	(3,064)
	(156)	**-**	**(341)**
Redundancy costs (2)	(316)	-	-
Acquisition and other transaction related costs (3)	-	-	(81)
Exceptional items	**(472)**	**-**	**(422)**

(1) The £1,959k (y/e 31 May 20 – £3,064k) is the Company cost of all employees who were on furlough during the period to 30 November 2020. Of the £1,959k (y/e 31 May 20 - £3,064k), £1,210k (y/e 31 May 20 - £1,875k) relates to direct employees and £749k (y/e 31 May 20 - £1,189k) relates to indirect staff. Given the full closure of all sites and offices all furloughed employee costs were included as exceptional costs within Administrative expenses. The £1,803k (y/e 31 May 20 – £2,723k) is the furlough grant income received from the UK government in relation to the furloughed employees for the period to 30 November 2020.

(2) Redundancy costs relate to a review of our business to identify areas for greater efficiency and rationalisation including consolidating our Livingston operations at our office in Larbert.

(3) Acquisition and other transactions related costs relate to the planning being achieved at Carlaverock which had previously been assessed as 98% likely. This is a non-cash transaction. In the prior year acquisition and other related costs were the costs incurred relating to the work undertaken for the acquisition of Walker Holdings (Scotland) Limited and its subsidiaries.

6. Taxation

The results for the six month to 30 November 2020 include a tax charge of 19% of profit before tax and exceptional items (30 November 2019: 19%; 31 May 2020: 19%), representing the best estimate of the average annual effective tax rate expected for the full year, applied to the pre-tax income of the six month period.

7. Earnings per share

The calculation of the basic (and diluted) earnings per share is based on the following data:

Earnings	Unaudited Period to 30 November 2020 £000	Unaudited Period to 30 November 2019 £000	Audited Year to 31 May 2020 £000
Profit for the year attributable to owners of the Company	6,918	5,084	7,646
Adjusted for the impact of exceptional costs in the year	472	-	422
Adjusted earnings	**7,390**	**5,084**	**8,068**

7. Earnings per share (continued)

Number of Shares	Unaudited Period to 30 November 2020	Unaudited Period to 30 November 2019	Audited Year to 31 May 2020
Weighted average number of ordinary shares for the purpose of basic earnings per share	97,885,334	96,349,561	96,850,807
Effect of dilutive potential ordinary shares: share options	1,442,779	955,513	1,080,721
Weighted average number of ordinary shares for the purpose of diluted earnings per share	99,328,113	97,305,074	97,931,528

	Unaudited Period to 30 November 2020	Unaudited Period to 30 November 2019	Audited Year to 31 May 2020
	Pence	Pence	Pence
Earnings per ordinary share			
Basic earnings per share (price per share)	7.07	5.28	7.89
Diluted earnings per share (price per share)	6.96	5.23	7.81
Adjusted per ordinary share			
Basic earnings per share (price per share)	7.55	5.28	8.33
Diluted earnings per share (price per share)	7.44	5.23	8.34

8. Dividends

	Unaudited Period to 30 November 2020 £000	Unaudited Period to 30 November 2019 £000	Audited Year to 31 May 2020 £000
Final dividend – y/e 31 May 2019	-	3,083	3,083
Final dividend – y/e 31 May 2020	1,958	-	-
	1,958	**3,083**	**3,083**

The final dividend declared for the year ended 31 May 2020 is 2.0p per share amounting to £1,957,644. This dividend was declared before 30 November 2020 and is included withing liabilities at 30 November 2020. The dividend was paid on 3 December 2020.

The interim dividend declared for the year ended 31 May 2021 is 1.3p per share amounting to £1,308,465.

The interim dividend for the year ended 31 May 2021 was declared after 30 November 2020 and as such the liability (based on 100,651,182 ordinary shares in issue as at 9 February) of £1,308,465 has not been recognised at this date.

9. Share Capital

The company has one class of ordinary share which carry full voting rights but no right to fixed income or repayment of capital. Distributions are at the discretion of the company.

The share capital account records the nominal value of shares issued. The share premium account records the amount above the nominal value received for shares sold, less transaction costs.

Ordinary shares of £1 - allotted, called up and fully paid	Number of shares	Share capital £000	Share Premium £000
At 1 December 2019	**96,349,561**	**120**	**50,118**
Share issue	1,511,402	2	2,212
At 31 May 2020	**97,860,963**	**122**	**52,330**
Share Issue	61,319	-	52
At 30 November 2020	**97,922,282**	**122**	**52,382**

10. Deferred Consideration

As part of the purchase agreement of Walker Holdings (Scotland) Limited, there is a further £4,375,000 of Deferred consideration payable. This can be broken down into: (i) £2,187,500 payable on the first anniversary of the acquisition date (31 January 2020); (ii) £2,187,500 payable on the second anniversary of the acquisition date (31 January 2021), The outstanding discounted amount payable at the period end is £2,167,447 (30 November 2019: £4,213,994; 31 May 2020 £2,107,289).

	Unaudited Period to 30 November 2020 £000	Unaudited Period to 30 November 2019 £000	Audited Year to 31 May 2020 £000
Deferred consideration < 1 year	2,167	2,167	2,107
Deferred consideration > 1 year	-	2,047	-
	2,167	**4,214**	**2,107**

11. Provisions and contingent liability

As part of the purchase agreement of Walker Holdings (Scotland) Limited, there is a further £6,000,000 payable which is included within Provisions. £4,000,000 is payable when outline planning is granted at Carlaverock and £2,000,000 payable when detailed planning is granted at Carlaverock with probability was assessed at 98% and 95% respectively. This has been discounted at a market value of interest. £4,000,000 was paid in December 2019. The outstanding discounted amount payable at the period end is £1,848,243 (30 November 2019: £5,664,728; 31 May 2020 £1,796,486).

The remaining £100,000 (5% on the £2,000,000 still to be paid) has been treated as a contingent liability due to the uncertainty over the future payment.

As part of the purchase agreement of DHomes 2014 Limited there is a further £2,500,000 payable for an area of land if (i) we make a planning application when we reasonably believe the council will recommend approval; or (ii) it is zoned by the council. The directors have assessed the likelihood of the land being zoned and have included provision of £2,000,000 based on 80% probability. The outstanding amount payable at the period end included within Provisions is £2,000,000 (30 November 2019: £2,000,000; 31 May 2020 £2,000,000).

The remaining £500,000 has been treated as a contingent liability due to the uncertainty over the future payment.

11. Provisions and contingent liability (continued)

Provision	**Unaudited Period to 30 November 2020 £000**	**Unaudited Period to 30 November 2019 £000**	**Audited Year to 31 May 2020 £000**
Walker (Scotland) Limited - outlined planning	-	3,920	-
Walker (Scotland) Limited - outlined planning	1,848	1,745	1,797
DHomes 2014 Limited – zoned land	2,000	2,000	2,000
	3,848	**7,665**	**3,797**

Contingent liability	**Unaudited Period to 30 November 2020 £000**	**Unaudited Period to 30 November 2019 £000**	**Audited Year to 31 May 2020 £000**
Walker (Scotland) Limited - outlined planning	-	81	-
Walker (Scotland) Limited - outlined planning	100	100	100
DHomes 2014 Limited – zoned land	500	500	500
	600	**681**	**600**

12. Transactions with related parties

Other related parties include transactions with a retirement scheme in which the directors are beneficiaries, and close family members of key management personnel. During the period dividends totalling £892k (p/e November 2019 - £1,446k; y/e May 2020 - £1,446k) were paid to key management personnel.

The remuneration of Key Management Personnel was £1,152k (p/e November 2019 - £1,125k; y/e May 2020 – £1,465k).

During the period the group entered into the following transactions with related parties:

Sale of goods	**Unaudited Period to 30 November 2020 £000**	**Unaudited Period to 30 November 2019 £000**	**Audited Year to 31 May 2020 £000**
Bertha Park Limited (1)	3,959	10,498	14,911
DHHG 1 Limited (2)	-	1,930	2,519
Whiterow Properties Ltd (3)	-	932	-
Other entities which key management personnel have control, significant influence or hold a material interest in	50	69	1,249
Key management personnel	19	8	32
Other related parties	15	73	5
	4,043	**13,510**	**18,716**

12. Transactions with related parties (continued)

Sales to related parties represent those undertaken in the ordinary course of business.

Purchase of goods	Unaudited Period to 30 November 2020 £000	Unaudited Period to 30 November 2019 £000	Audited Year to 31 May 2020 £000
Entities which key management personnel have control, significant influence or hold a material interest in	8	38	232
Key management personnel	-	5	-
Other related parties	109	4	-
	117	**47**	**232**

Rent paid to	Unaudited Period to 30 November 2020 £000	Unaudited Period to 30 November 2019 £000	Audited Year to 31 May 2020 £000
Entities which key management personnel have control, significant influence or hold a material interest in	86	93	153
Key management personnel	-	-	3
Other related parties	63	57	104
	149	**150**	**260**

The following amounts were outstanding at the reporting end date:

Amounts receivable	Unaudited Period to 30 November 2020 £000	Unaudited Period to 30 November 2019 £000	Audited Year to 31 May 2020 £000
Bertha Park Limited (1)	6,856	8,323	6,755
DHHG 1 Limited (2)	-	220	26
Whiterow Properties Ltd (3)	-	2	-
Entities which key management personnel have control, significant influence or hold a material interest in	19	24	3
Key management personnel	1	3	-
Other related parties	5	84	-
	6,881	**8,656**	**6,784**

12. Transactions with related parties (continued)

Amounts payable	Unaudited Period to 30 November 2020 £000	Unaudited Period to 30 November 2019 £000	Audited Year to 31 May 2020 £000
Entities which key management personnel have control, significant influence or hold a material interest in	32	56	15
Key management personnel	-	1	-
Other related parties	48	11	283
	80	**68**	**298**

Amounts owed to/from related parties are included within creditors and debtors respectively at the year-end. No security has been provided on any balances.

Transactions between the company and its subsidiary, which is a related party, have been eliminated on consolidation and are not disclosed in this note.

(1) Bertha Park Limited, a company in which Sandy Adam and Innes Smith are directors.

(2) November 2019 & May 2020 - DHHG 1 Limited is a jointly owned entity and Michelle Motion is a director. November 2020 – DHHG 1 Limited is a wholly owned subsidiary company.

(3) Whiterow Properties Ltd, a company in which Sandy Adam is a director.

13. Analysis of net debt

	Unaudited Period to 30 November 2020 £000	Unaudited Period to 30 November 2019 £000	Audited Year to 31 May 2020 £000
Cash in hand and bank	1,748	772	1,522
Lease liabilities	(2,987)	(3,791)	(3,443)
Bank borrowings	(34,000)	(53,000)	(69,000)
Net debt	**(35,239)**	**(56,019)**	**(70,921)**
Right of use liability	2,010	2,353	2,142
Adjusted net debt	**(33,229)**	**(53,666)**	**(68,779)**