22 February 2022

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

Interim Results
Excellent build and sales activity across the business and on track for significant full year growth

Springfield Properties (AIM: SPR), a leading housebuilder in Scotland delivering private, affordable and PRS housing, announces its interim results for the six months ended 30 November 2021.

Financial Summary

	H1 2022 £m	H1 2021* £m
Revenue	87.3	94.4
Private housing revenue	*47.3*	*71.9*
Affordable housing revenue	*31.7*	*18.3*
Contract housing revenue	*7.5*	*3.8*
Other revenue	*0.8*	*0.4*
Gross margin**	18.5%	19.6%
Operating profit	6.7	9.3
Profit before tax	6.2	8.6
Basic EPS (p)	4.93	7.07
Interim dividend per share (p)	1.5	1.3

* H1 2021 results reflect additional sales from completions rolled over due to COVID-19
** Gross margin reflects sales mix, namely record revenue from affordable housing in H1 2022

Operational Summary

- On track to deliver full year results in line with market expectations
- *Private housing*
  - 197 private homes completed (H1 2021: 299), reflecting the more normal seasonal phasing of completions across the financial year, with H1 2021 being boosted by completions that had been scheduled for the end of FY 2020, but delayed due to the public lockdown
  - Record order book to be delivered in H2 following strong sales in the period
  - Eight new private developments commenced completions post period
- *Affordable housing*
  - 204 affordable homes completed (H1 2021: 126) reflecting delivery against the Group's substantial contracted affordable order book
  - On track to deliver a record year in affordable housing, with year-on-year revenue expected to increase by approximately 35%
- *Contract housing*
  - In contract housing, where the Group provides development services to third party private organisations, 58 homes were delivered (H1 2021: 18)
  - Commenced generating revenue under private rented sector ("PRS") housing contract
- Effectively managed cost and supply chain pressures with gross margins maintained when excluding the impact of regional and housing mix in private and affordable housing respectively
- Planning approval received for 240 homes during the period and the proportion of land bank with planning permission was 51.6% (31 May 2021: 52.4%); post period submitted planning application for a new, large development of up to 1,000 homes in Edinburgh commuter belt
- Total land bank of 15,308 plots at period end (31 May 2021: 15,281) with Gross Development Value ("GDV") of £3.1bn (31 May 2021: £3.1bn)
- Post period, acquired Tulloch Homes, an Inverness-based housebuilder focused on building high-quality private housing in the Scottish Highlands and with a GDV of £375.4m, to accelerate growth, enhance earnings and strengthen the Company's foothold in an area of high demand

Innes Smith, Chief Executive Officer of Springfield Properties, commented: "This was a strong period for Springfield. We continued to experience high demand across the business and our total order book grew to a record level. We maintained excellent build activity, setting us up for an outstanding second half of the year – with handovers starting on eight new private sites since period end. I am pleased at how we effectively managed the material and supply chain pressures facing our industry, and that we were able to maintain impressive levels of customer satisfaction. Sustainability continued to be a focus. We're proud that we already deliver over 90% of our homes off-site from timber kits, and we will be setting benchmarks for further measures across operations in our ESG strategy later this year.

"We entered the second half on track for strong growth for FY 2022 in line with market expectations. This confidence is based on homes completed, reserved and missived, and our highest ever revenue in affordable housing, giving us significant visibility over our revenue forecasts. Our position was further strengthened, post period, with the acquisition of Tulloch Homes. This enhances our foothold in the Highlands, an area of strategic importance, and will accelerate our growth, being earnings enhancing from the current year. Supported by long-term market drivers and with demand continuing to outstrip supply, the Board continues to look to the future with great confidence and to delivering sustainable value for all of our stakeholders."

Enquiries

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Analyst Presentation

Innes Smith, Chief Executive Officer, Michelle Motion, Chief Financial Officer, and Martin Egan, Chief Operating Officer, will be hosting a webinar for analysts at 9:00am GMT today. To register to participate, please contact tanweersiddique@luther.co.uk.

Operational Review

The Group maintained strong build activity throughout the period to 30 November 2021 with total completions increasing to 459 homes (H1 2021: 443) and has substantial work-in-progress for delivery in the second half. There was a significant increase in affordable and contract housing completions, with the Group on track to deliver record revenue in affordable housing this year. Private housing completions were comparatively lower primarily due to H1 2021 being boosted by completions that had been scheduled for handover in the final two months of 2020, but rolled over due to the COVID-19 lockdown. It also reflects the timing of completions, with handovers having started at eight new private developments since period end. Sales activity continued to be strong with high demand experienced across the business, including a significant increase in private housing reservations leading to growth in the Group's total order book for delivery over the next two years.

Springfield continued to advance the delivery of its strategy. During the period construction commenced on, and the first revenue was received for, its first PRS housing, which further diversifies the Group's revenue streams. In addition, post period, in line with its stated strategy of expanding via acquisition and into new territories to accelerate growth, the Group acquired Tulloch Homes. The acquisition expands the Group's land bank in the Highlands of Scotland around Inverness, which is an area of high and growing demand where Springfield has been organically building a presence over the last few years.

The Group continued to effectively manage current industry-wide material and labour supply constraints, with gross margins maintained when excluding the impact of regional or housing mix. The large proportion of fixed price contracts for materials that the Group had in place during the period as well as house price inflation served to mitigate the impact of increased costs. Similarly, Springfield's strong, established relationships with sub-contractors, together with its large directly employed workforce, helped the Group maintain its labour force.

Land Bank

At 30 November 2021, the Group had 44 active developments (31 May 2021: 45 active developments) and during the period:

- 8 developments were completed;
- 7 new active developments were added to the land bank;
- planning was granted on 240 plots on 2 developments, with the proportion of the land bank with planning consent being 51.6% at 30 November 2021 (31 May 2021: 52.4%); and
- the land bank consisted of 15,308 plots (31 May 2021: 15,281).

Post period, the land bank was further expanded with a planning application being submitted for a new, large development of up to 1,000 homes in the Edinburgh commuter belt and in the Highlands region of Scotland, with the acquisition of Tulloch Homes. On acquisition, Tulloch Homes' land bank consisted of 1,791 plots of which 91% was owned and paid for, and 87% with planning permission.

Private Housing

During the period, the Group completed 197 private homes (H1 2021: 299). This primarily reflects H1 2021 being boosted by completions that were scheduled to be handed over at the end of the 2020 financial year but were postponed until lockdown restrictions were lifted. It also represents the timing of handovers, with eight new private developments having started handing over homes in H2 2022, which will contribute significantly to full year revenue.

The average selling price for private housing was £240k (H1 2021: £240k). There was a general increase in sales prices on an underlying basis, excluding regional and housing-type mix, with a larger proportion of revenue and completions in regions of Scotland, which typically have lower house prices.

The Group continued to experience excellent demand, with a significant increase in the number of homes missived or reserved at 30 November 2021 compared with 31 May 2021, resulting in a record order book in private housing at period end. In addition, the proportion of available-for-sale homes that were missived or reserved at 30 November 2021 was higher than at both 31 May 2021 and 30 November 2020.

The Group had 27 active private housing developments at 30 November 2021 (31 May 2021: 24), with six active developments added during the period and three developments completed. In total, as at 30 November 2021, the private housing land bank was 10,562 plots on 59 developments (31 May 2021: 10,426 plots on 56 developments).

Planning consent was granted for 225 plots on two developments for private housing. As at 30 November 2021, 49.4% (5,215 plots) of private housing plots had planning consent (31 May 2021: 48.7%), with 25.0% going through the planning process and 25.6% at the pre-planning stage.

Post period, the Group submitted a planning application for a new, large development of up to 1,000 homes. This development is to be built on land that the Group purchased in the prior year in Midlothian in the Edinburgh commuter belt. The proposed development is designed as a new neighbourhood with a distinct identity which will, following the Scottish government's 20-minute neighbourhood model, integrate into existing settlements where residents can easily access high quality services and amenities.

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, beginning with Bertha Park, include PRS housing. Springfield has three Villages that are already home to growing communities and two Village developments that are going through the planning process. The Group delivers housing at Bertha Park under contract as described in 'Contract Housing' below.

There were 51 private completions at the Group's Village developments during the period (H1 2021: 56). This number increases to a total of 74 private completions when Bertha Park is included (H1 2021: 68). In addition, a contract was signed for a retail unit at Bertha Park.

There was also a continued expansion of amenities and strengthening of community engagement at the Village developments. This includes the hosting of community events, the establishment of a school bus route through Dykes of Gray and Bertha Park gaining its own post box, being symbolic of a 'place' being created.

Affordable Housing

There was a significant increase in the number of affordable home completions to 204 (H1 2021: 126). The growth in completions reflects delivery against the Group's substantial contracted order book, with the Group on track to achieve its highest ever revenue in affordable housing this year. Average selling price increased to £155k (H1 2021: £146k) as a result of a change in housing mix.

The number of active affordable housing developments was 15 at 30 November 2021 (31 May 2021: 19), with one active development added during the period and five developments completed. As at 30 November 2021, the total affordable housing land bank was 4,004 plots on 47 developments (31 May 2021: 4,055 plots on 48 developments).

The Group secured two new affordable housing contracts during the period and one post period. The Group also expanded its partnership network with the signing of its first contract with Aberdeenshire Council, for 38 homes at Banff.

Springfield continued to make progress under its local authority framework agreement with Moray Council for 10 affordable-only developments. The handover of two developments was completed during the period, bringing the total number delivered under this agreement to five. Construction is underway on two new developments, one of which began during the period, and contract negotiations commenced for the remaining three developments under this agreement.

In total, the Group expects to commence work on eight new affordable housing contracts during the second half of the year.

As at 30 November 2021, 48.7% (1,947 plots) of affordable housing plots had planning (31 May 2021: 52.7%), with 27.7% of plots going through the planning process and 23.6% at the pre-planning stage.

Contract Housing

In contract housing, the Group provides development services to third party private organisations (compared with affordable housing where the Group's services are delivered to local authorities, housing associations or other public bodies). At present, the Group's contract housing delivery consists of services provided to Bertha Park Limited, the developer of the Bertha Park Village, under a framework agreement. The Group performs development services and receives revenue based on costs incurred plus a fixed mark up. At Bertha Park, the Group is delivering private, affordable and PRS housing. The Group has introduced contract housing as a segment because of the increased materiality of revenue now being generated from the provision of development services to Bertha Park Limited, particularly due to beginning the delivery of PRS housing.

At 31 May 2021, the contract housing land bank with planning consent consisted of 742 plots (31 May 2021: 800). The 58 homes completed during the period (H1 2021: 18) comprised 23 private homes, 17 affordable homes and 18 PRS homes at Bertha Park Village. This represented the completion of the second phase of affordable homes at Bertha Park. The Group also commenced construction on the first Mid-Market Rent housing to be offered at Bertha Park, which is a form of affordable housing for those in work where housing associations utilise grants to enable market rents to be discounted.

A key milestone was achieved with the commencement of revenue received for the delivery of Springfield's first PRS housing, in partnership with Sigma Capital Group plc ("Sigma"), a high-quality PRS provider specialising in suburban, family homes. At Bertha Park, the Group will deliver 75 purpose-built homes for families to rent privately, which, following handover, will be owned, let and managed by Sigma. 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. During the period, the Group began construction on the PRS homes.

Acquisition of Tulloch Homes

As announced on 1 December 2021, post period, the Group acquired Thistle SPV2 Limited, the owner of Tulloch Homes, an Inverness-based housebuilder focused on building high-quality private housing in the Scottish Highlands, for a net consideration of £56.4m.

Tulloch Homes is a profitable, cash generative and well-run housebuilder with significant land ownership in the Scottish Highlands, in and around Inverness. On acquisition, Tulloch Homes' land bank consisted of 1,791 plots (87% with planning permission) across 11 active and 22 future developments with a total GDV of £375.4m. In relation to the composition of its land bank, 91% is owned and paid for and 9% is contracted.

The acquisition expands the Group's land bank in an area of high and growing demand where the Group has been strategically building a presence over the last few years. In particular, it strengthens the Group's private housing land bank while creating opportunities for affordable housing.

The Group is gaining a strong, established management team and expects the acquisition to reinforce the Group's supply chain capabilities with access to labour and subcontractors in the local area.

Accordingly, the acquisition of Tulloch Homes is expected to accelerate growth and enhance earnings per share from the current year and significantly enhance earnings in its first full year of ownership, before consideration of potential synergies.

Financial Review

Revenue for the six months to 30 November 2021 was £87.3m (H1 2021: £94.4m), with the largest portion continuing to be generated by private housing but with a significant increase in the contribution from affordable housing in particular.

Revenue	**H1 2022**		**H1 2021**	
	£'000	**%**	**£'000**	**%**
Private housing	47,257	54.2	71,884	76.1
Affordable housing	31,670	36.3	18,342	19.5
Contract housing	7,510	8.6	3,805	4.0
Other*	833	0.9	391	0.4
TOTAL	**87,270**		**94,422**	

*Primarily land sales

The lower Group revenue compared with the same period of the previous year was due to additional sales in H1 2021 from completions rolled over due to COVID-19.

As noted above, the reduction in private housing revenue primarily reflects the more normal seasonal phasing of completions of private homes across the financial year, with H1 2021 including additional sales completions that had been scheduled for the end of 2020. It also represents the timing of handovers, with handovers on eight new private developments having started after the period end, which will contribute significantly to full year revenue. The strong growth in affordable housing reflects delivery of the Group's substantial contracted order book, with the Group having entered the year with its highest ever order book in affordable housing. In addition, the Group received its first revenue in contract housing from delivery under its PRS contract.

Gross profit was £16.1m (H1 2021: £18.5m) and gross margin was 18.5% (H1 2021: 19.6%), reflecting the increased contribution of affordable housing compared to private housing in the period. On an underlying basis, to exclude the impact of regional and housing mix, gross margins were maintained across the business, reflecting the Group's effective management of inflationary cost pressures and supported by house price increases.

Total administrative expenses were £9.5m (H1 2021: £9.3m). When adjusted to exclude exceptional items relating to the cost of furloughed employees (largely offset in the prior year by grant income received under the UK Government's Coronavirus Job Retention Scheme, with no grant income being claimed during the period) and redundancy costs from a rationalisation of the business, administrative expenses were £9.4m compared with £8.9m for H1 2021. The increase reflects the fact that the prior period includes almost two months of limited operations due to the pandemic lockdown (which was longer in Scotland than in England).

The Group made an operating profit of £6.7m (H1 2021: £9.3m) and profit before tax was £6.2m (H1 2021: £8.6m), primarily reflecting the lower revenue and gross margin.

Tax expense was £1.2m (H1 2021: £1.6m) resulting in profit after tax of £5.0m (H1 2021: £6.9m). The Group is not subject to the Residential Property Developers Tax ('cladding tax') as it is currently below the £25m profit threshold.

Basic earnings per share were 4.93 pence (H1 2021: 7.07 pence).

Net debt at 30 November 2021 was £43.0m (31 May 2021: £20.8m). This reflects the significant work-in-progress at the end of the period for delivery in the second half of the 2022 financial year as well as the contribution to the year ended 31 May 2021 of the receipt of revenues from homes where the majority of build costs had been incurred in the prior year.

During the period, the Group secured an extension to its £64.5m revolving credit facility ("RCF") to January 2025 on similar terms to the existing facility. Post period, the amount available under the RCF was increased to £87.5m, with the margin and basis of interest calculation remaining the same. The majority of this increase (£21.4m) was used to fund a portion of the initial cash consideration in relation to the acquisition of Tulloch Homes.

The Group also established new loan facilities post period, totalling £43.2m, for the purposes of providing bridging funding for the acquisition of Tulloch Homes. These bridging finance facilities were fully repaid by the end of January 2022 using the net cash of Tulloch Homes on completion of the acquisition and the proceeds of the Group's fundraising that, in December 2021, raised approximately £22.0m (excluding expenses) through the placing of 15,714,286 new ordinary shares.

Customer Satisfaction

The Group maintained its strong focus on customer satisfaction and is pleased to report that, in customer surveys received in this financial year to date, 94% of customers reported that they would recommend the Group to a friend and the Group has an excellent current Net Promoter Score of 61.1. The Customer Feedback Group, introduced at the end of last year to consider the qualitative feedback received in customer surveys, is making good progress. An early outcome of this has been the piloting of 'Spaciable', an online portal and app that allows customers to access paperwork relating to their home, after sales information and instructional videos.

Quality management systems have continued to be a focus with the Group promoting continuous improvement and driving up standards across the brands. ISO9001 was recertified within the Springfield brand following an in-period audit and plans are in place for this quality accreditation to be rolled out across Group operations.

The Group welcomed the publication, in December 2021, of the New Homes Quality Board Code of Practice ("NHQB Code"), which aims to improve consumer protections covering important aspects of the new home construction, inspection and sales process. The Group is well-placed to meet the requirements of the NHQB Code and become a registered developer with the New Homes Quality Board well ahead of the December 2022 deadline.

Sustainability

Springfield has always had sustainability at its core and already has an excellent reputation within the sector as a progressive builder. With a commitment to formalising its approach to sustainability to capture and report on activities in support of this philosophy, Springfield will publish a dedicated strategy for ESG later this calendar year.

Springfield is taking a comprehensive approach to developing its ESG strategy to establish a framework to inform shareholders, partners and its employees of its performance and progress. During the period, a Group Quality, Environment and Sustainability Manager was appointed and a specialist consultant was engaged to work with the wider Board and senior management team. Work has begun to establish a baseline of activities across its operations, which will be used to set targets, outline route maps and identify key partners to collaborate with along the journey. Described as a materiality assessment, the Group is reviewing how each and every operational activity can contribute to the United Nations Sustainable Development Goals.

The Group is well established on the route map to net zero with timber frame construction already being used in over 90% of homes and vast experience gained across over 60 developments in delivering air-source heating as an alternative to fossil fuels. Springfield has had its own off-site timber frame factory for several years. With housebuilding peers striving to increase the number of homes they deliver off-site and from timber, this is a key differentiator for the Group. With the exception of some bespoke apartment blocks delivered for affordable housing partners, the Group is committed to constructing all homes from timber. In addition, the timber used is sourced responsibly and accredited by the Forest Stewardship Council or the Programme for the Endorsement of Forest Certification.

During the period, the first electric van was introduced for the Group's timber kit factory, as part of the phasing in of a fully electric fleet, and the Group began providing the option of zero emission electric vehicles for staff. The Group has also increased its support for communities with the appointment, post period, of a full-time Community Engagement Co-ordinator. This resource will facilitate stronger engagement during the planning process and support the creation of new communities within the Group's larger developments, in particular the Villages.

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, which is supported by a competitive mortgage market with a good range of products. As a result, house price inflation in Scotland was 11.4% in the year to November 2021. For new build homes, the increase in house prices is largely offsetting the industry-wide increases in material costs.

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, which have local amenities within walking distance.

Key differences in the Scottish legal system continue to provide strong visibility. In particular, the Scottish missive system ensures that customers are contracted into the purchase much earlier in the build programme. In addition, with all homes sold on freehold, where the buyer becomes the sole owner of both the building and the land on which it stands, the Group is not impacted by the ground rents investigations seen elsewhere in the UK.

The Scottish Government remains committed to the delivery and funding of affordable housing. Following re-election in May 2021, the Scottish Government established a target to deliver 110,000 energy efficient affordable homes by 2032 with almost £3.5bn earmarked for affordable housing funding through to March 2026. Springfield's continued strong partnerships with local authorities and housing associations mean that it is well-placed to deliver homes to help achieve this target.

The Scottish Government has also set out an increase in affordable housing investment benchmarks from October 2021 and confirmed that the benchmarks will be adjusted to account for inflation on an annual basis. Additional grant funding will now also be available for quality measures, which includes specifications that Springfield's affordable housing already offer as standard, such as space for home working. The Group and its partners expect to benefit from these changes going forward.

Dividend

The Board is pleased to declare an increased interim dividend of 1.5p per share (H1 2021: 1.3p) with an ex-dividend date of 10 March 2022, a record date of 11 March 2022 and a payment date of 31 March 2022.

Outlook

Springfield entered the second half of the financial year with substantial work-in-progress for delivery in H2 and with excellent visibility over full year revenue forecasts based on homes delivered, contracted (missived and affordable contracts) and reserved. The Group also entered the second half with a record total order book. The Group's position was further enhanced with the acquisition of Tulloch Homes – strengthening the Group's foothold in an area of strategic importance and further accelerating growth. Accordingly, the Group is on track to deliver its highest ever annual revenue.

In particular, the Group continues to expect a significantly increased contribution to revenue from affordable housing, which is on track for a record year. In private housing, the Group anticipates delivering strong growth, reflecting the same level of private housing sales year-on-year (despite the beneficial contribution to FY 2021 from the large number of homes that were rolled over due to the pandemic) on an underlying basis and bolstered by the contribution from Tulloch Homes. Revenue from contract housing is also expected to increase, supported by the generation of revenue from PRS housing this year.

The Group is experiencing 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. There is good mortgage availability and the Scottish Government has restated its commitment to investing in the delivery of more affordable homes.

The Group is well-positioned to manage the moderate inflationary cost pressures that are being experienced across the industry thanks to its robust supply chain, with a high proportion of materials being procured directly. The Group also continues to expect house price inflation to absorb any increased build costs this year.

As a result, the Board remains confident of delivering growth for the full year in line with market expectations.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE HALF YEAR ENDED 30 NOVEMBER 2021

	Notes	Unaudited Period to 30 November 2021 £000	Unaudited Period to 30 November 2020 £000	Audited Year to 31 May 2021 £000
Revenue	**4**	87,270	94,422	216,692
Cost of sales		(71,151)	(75,917)	(177,895)
Gross profit	**4**	**16,119**	**18,505**	**38,797**
Administrative expenses before exceptional items		(9,386)	(8,864)	(19,422)
Exceptional items	**5**	(163)	(472)	(622)
Total administrative expenses		(9,549)	(9,336)	(20,044)
Other operating income		88	135	375
Operating profit		**6,658**	**9,304**	**19,128**
Finance income		66	148	367
Finance costs		(512)	(894)	(1,607)
Profit before taxation		**6,212**	**8,558**	**17,888**
Taxation	**6**	(1,170)	(1,640)	(4,178)
Profit for the period and total comprehensive income	**4**	**5,042**	**6,918**	**13,710**
Profit for the period and total comprehensive income is attributable to:				
- Owners of the parent company		5,042	6,918	13,710
		5,042	**6,918**	**13,710**
Earnings per share (pence per share)				
Basic earnings per share	**7**	4.93p	7.07p	13.79p
Diluted earnings per share	**7**	4.84p	6.96p	13.55p

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 2021

	Notes	Unaudited 30 November 2021 £000	Unaudited 30 November 2020 As restated £000	Audited 31 May 2021 £000
Non-current assets				
Property, plant and equipment		4,935	5,436	4,539
Intangible assets		1,649	1,655	1,649
Deferred taxation		524	198	539
Accounts receivable		5,324	563	5,411
		12,432	**7,852**	**12,138**
Current assets				
Inventories		185,809	155,066	156,774
Trade and other receivables		22,742	17,586	23,683
Corporation tax		191	-	-
Cash and cash equivalents		70,887	1,748	15,826
		279,629	**174,400**	**196,283**
Total assets		**292,061**	**182,252**	**208,421**
Current liabilities				
Trade and other payables		57,996	34,622	51,646
Deferred consideration	**10**	-	2,167	-
Short term bank borrowings		43,200	18,000	34,000
Short-term obligations under lease liabilities		902	941	760
Corporation tax		-	494	901
		102,098	**56,224**	**87,307**
Non-current liabilities				
Long-term bank borrowings		67,422	16,000	-
Long-term obligations under lease liabilities		2,322	2,046	1,854
Contingent consideration	**11**	3,900	3,848	3,900
Deferred taxation		2,861	2,419	2,920
Provisions	**12**	961	522	1,210
		77,466	**24,835**	**9,884**
Total liabilities		**179,564**	**81,059**	**97,191**
Net assets		**112,497**	**101,193**	**111,230**
Equity				
Share capital	**9**	128	122	128
Share premium	**9**	57,262	52,382	56,761
Retained earnings		55,107	48,689	54,341
Equity attributable to owners of the parent company		**112,497**	**101,193**	**111,230**

At 30 November 2021, the directors reviewed the liabilities included in the provisions line in the prior half year and have concluded, in line with accounting standards, that contingent consideration should be presented separately. The prior half year was restated to reflect that. These presentation changes have no impact on net assets.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 NOVEMBER 2021

	Notes	Share Capital £000	Share Premium £000	Retained earnings £000	Total £000
1 June 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		**122**	**52,382**	**48,689**	**101,193**
Share issue		6	4,379	-	4,385
Total comprehensive income for the period		-	-	6,792	6,792
Dividends		-	-	(1,316)	(1,316)
Share based payments		-	-	176	176
31 May 2021		**128**	**56,761**	**54,341**	**111,230**
Share issue	**9**	-	501	-	501
Total comprehensive income for the period		-	-	5,042	5,042
Dividends	**8**	-	-	(4,558)	(4,558)
Share based payments		-	-	282	282
30 November 2021		**128**	**57,262**	**55,107**	**112,497**

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 share issue costs.

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS
PERIOD TO 30 NOVEMBER 2021

	Unaudited Period to 30 November 2021 £000	Unaudited Period to 30 November 2020 £000	Audited Year to 31 May 2021 £000
Cash flows generated from operations			
Profit for the period	5,042	6,918	13,710
Adjusted for:			
Exceptional items	163	472	622
Taxation charged	1,170	1,640	4,178
Finance costs	512	894	1,607
Finance income	(66)	(148)	(367)
Adjusted operating profit before working capital movement	**6,821**	**9,776**	**19,750**
Exceptional items – cash movements	(163)	(472)	(541)
Gain on disposal of tangible fixed assets	(72)	(39)	(148)
Share based payments	282	317	493
Non-cash movement	-	150	-
Amortisation of intangible fixed assets	-	56	61
Depreciation of tangible fixed assets	826	1,138	2,175
Operating cash flows before movements in working capital	**7,694**	**10,926**	**21,790**
(Increase)/decrease in inventory	(29,035)	19,438	17,498
Increase in trade and other receivables	(3,487)	(4,125)	(14,321)
Increase in trade and other payables	6,142	12,326	32,037
Net cash (used in)/generated from operations	**(18,686)**	**38,565**	**57,004**
Taxation paid	(2,305)	(2,272)	(4,227)
Net cash (outflow)/inflow from operating activities	**(20,991)**	**36,293**	**52,777**
Investing activities			
Purchase of property, plant and equipment	(170)	(49)	(206)
Proceeds on disposal of property, plant and equipment	124	87	218
Acquisition of subsidiary, net of cash acquired	-	304	304
Interest received	4	8	13
Net cash (used in)/from investing activities	**(42)**	**350**	**329**
Financing activities			
Proceeds from issue of shares	501	52	2,249
Proceeds from bank loans	76,622	-	-
Repayment of bank loans	-	(35,000)	(35,000)
Payment of lease liabilities	(545)	(753)	(1,480)
Dividends paid	-	-	(3,274)
Interest paid	(484)	(716)	(1,297)
Net cash inflow/(outflow) from financing activities	**76,094**	**(36,417)**	**(38,802)**
Net increase in cash and cash equivalents	55,061	226	14,304
Cash and cash equivalents at beginning of period	15,826	1,522	1,522
Cash and cash equivalents at end of period	**70,887**	**1,748**	**15,826**

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 NOVEMBER 2021

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 2021 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, 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 2021 is unaudited. It does not constitute statutory financial statements within the meaning of Section 434 of the Companies Act 2006. The consolidated interim financial statements should be read in conjunction with the financial information for the year ended 31 May 2021, which has been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. The statutory accounts for year ended 31 May 2021 have been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

2. Basis of preparation

The interim financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting and in accordance with UK adopted international accounting standards.

The interim financial statements have been prepared on a going concern basis and under the historical cost convention, except for contingent consideration.

The Directors have considered the principal risks and uncertainties the Group faces and other factors impacting the Group's future performance such as the COVID-19 pandemic. The actions taken 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. These are also disclosed in the May 2021 year end accounts and there have not been any changes. 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 2021. 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 2021.

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 half year and have concluded, in line with accounting standards, contingent consideration should be presented separately. The prior half year have been restated to reflect that. These presentation changes have no impact on net assets.

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 2021. We have reviewed these risks and uncertainties which remain relevant for both the 6 months to 30 November 2021 and the full financial year to 31 May 2022. 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 consolidated 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.

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 2021	Unaudited Period to 30 November 2020	Audited Year to 31 May 2021
Revenue	**£000**	**£000**	**£000**
Private residential properties	47,257	71,884	138,646
Affordable housing	31,670	18,342	52,940
Contracting	7,510	3,807	8,692
Other	833	389	16,414
Total Revenue	**87,270**	**94,422**	**216,692**
Gross Profit	**16,119**	**18,505**	**38,797**
Administrative expenses	(9,386)	(8,864)	(19,422)
Exceptional items	(163)	(472)	(622)
Other operating Income	88	135	375
Finance income	66	148	367
Finance expense	(512)	(894)	(1,607)
Profit before tax	**6,212**	**8,558**	**17,888**
Taxation	(1,170)	(1,640)	(4,178)
Profit for the period	**5,042**	**6,918**	**13,710**

5. Exceptional items

	Unaudited Period to 30 November 2021	Unaudited Period to 30 November 2020	Audited Year to 31 May 2021
	£000	**£000**	**£000**
Government grant income (1)	-	1,803	2,085
Wage cost for furloughed employees (1)	(22)	(1,959)	(2,318)
	(22)	(156)	(233)
Redundancy costs (2)	(141)	(316)	(389)
Exceptional items	**(163)**	**(472)**	**(622)**

(1) The £22k (p/e 30 November 2020: £1,959k; y/e 31 May 2021: £2,318k) is the Company cost of all employees who were on furlough during the period to 30 November 2021. The £nil (p/e 30 November 2020: £1,803k; y/e 31 May 2021: £2,085) is the furlough grant income received from the UK government in relation to the furloughed employees for the period to 30 November 2021.

(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.

6. Taxation

The results for the six month to 30 November 2021 include a tax charge of 18.8% of profit before tax (30 November 2020: 19.2%; 31 May 2021: 23.4%), 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 2021 £000**	**Unaudited Period to 30 November 2020 £000**	**Audited Year to 31 May 2021 £000**
Profit for the year attributable to owners of the Company	5,042	6,918	13,710
Adjusted for the impact of exceptional costs in the year	163	472	622
Normalised earnings	**5,205**	**7,390**	**14,332**

Number of Shares	**Unaudited Period to 30 November 2021**	**Unaudited Period to 30 November 2020**	**Audited Year to 31 May 2021**
Weighted average number of ordinary shares for the purpose of basic earnings per share	102,306,694	97,885,334	99,436,929
Effect of dilutive potential ordinary shares: share options	1,929,619	1,442,779	1,767,609
Weighted average number of ordinary shares for the purpose of diluted earnings per share	104,236,313	99,328,113	101,204,538

	Unaudited Period to 30 November 2021	**Unaudited Period to 30 November 2020**	**Audited Year to 31 May 2021**
	Pence	**Pence**	**Pence**
Earnings per ordinary share (pence per share)			
Basic earnings per share	4.93	7.07	13.79
Diluted earnings per share	4.84	6.96	13.55
Adjusted per ordinary share (pence per share)			
Basic earnings per share	5.09	7.55	14.41
Diluted earnings per share	4.99	7.44	14.16

8. Dividends

	Unaudited Period to 30 November 2021 £000	Unaudited Period to 30 November 2020 £000	Audited Year to 31 May 2021 £000
Final dividend – y/e 31 May 2020	-	1,958	1,958
Interim dividend – y/e 31 May 2021	-	-	1,316
Final dividend – y/e 31 May 2021	4,558	-	-
	4,558	**1,958**	**3,274**

The final dividend declared for the year ended 31 May 2021 is 4.5p per share amounting to £4,557,827. This dividend was declared before 30 November 2021 and is included within liabilities at 30 November 2021. The dividend was paid on 9 December 2021.

The interim dividend declared for the year ended 31 May 2022 is 1.5p per share amounting to £1,774,983.

The interim dividend for the year ended 31 May 2022 was declared after 30 November 2021 and as such the liability (based on 118,332,225 ordinary shares in issue as at 17 February 2022) of £1,774,983 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 2020	97,922,282	122	52,382
Share issue	4,155,244	6	4,379
At 31 May 2021	102,077,526	128	56,761
Share issue	487,790	-	501
At 30 November 2021	**102,565,316**	**128**	**57,262**

10. Deferred Consideration

As part of the purchase agreement of Walker Holdings (Scotland) Limited, there was 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 £nil (30 November 2020: £2,167,447; 31 May 2021: £nil).

	Unaudited Period to 30 November 2021 £000	Unaudited Period to 30 November 2020 £000	Audited Year to 31 May 2021 £000
Deferred consideration < 1 year	-	2,167	-
	-	**2,167**	**-**

11. Contingent consideration and contingent liabilities

As part of the purchase agreement of Walker Holdings (Scotland) Limited, there was a further £6,000,000 payable which was included within Provisions. £4,000,000 was payable when outline planning was 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 £1,900,000 (30 November 2020: £1,848,243; 31 May 2021: £1,900,000).

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 2020: £2,000,000; 31 May 2021: £2,000,000).

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

Contingent consideration	**Unaudited Period to 30 November 2021 £000**	**Unaudited Period to 30 November 2020 £000**	**Audited Year to 31 May 2021 £000**
Walker (Scotland) Limited	1,900	1,848	1,900
DHomes 2014 Limited	2,000	2,000	2,000
	3,900	**3,848**	**3,900**

Contingent liabilities	**Unaudited Period to 30 November 2021 £000**	**Unaudited Period to 30 November 2020 £000**	**Audited Year to 31 May 2021 £000**
Walker (Scotland) Limited	100	100	100
DHomes 2014 Limited	500	500	500
	600	**600**	**600**

12. Provision

Dilapidation provisions are included for all rented buildings within the Group. An onerous lease provision has been created due to the closure of the Walker office in Livingston. Maintenance provisions relate to costs to come on developments where the final homes have been handed over.

	Unaudited Period to 30 November 2021 £000	**Unaudited Period to 30 November 2020 £000**	**Audited Year to 31 May 2021 £000**
Dilapidation provision	190	55	185
Onerous lease provision	100	-	200
Maintenance provision	671	467	825
	961	**522**	**1,210**

13. 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 £1,933k (p/e November 2020: £892k; y/e May 2021: £1,415k) were paid to key management personnel.

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

Sale of goods	Unaudited Period to 30 November 2021 £000	Unaudited Period to 30 November 2020 £000	Audited Year to 31 May 2021 £000
Bertha Park Limited (1)	7,726	3,959	8,989
Other entities which key management personnel have control, significant influence or hold a material interest in	39	50	118
Key management personnel	10	19	44
Other related parties	2	15	121
	7,777	**4,043**	**9,272**

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

Purchase of goods	Unaudited Period to 30 November 2021 £000	Unaudited Period to 30 November 2020 £000	Audited Year to 31 May 2021 £000
Bertha Park Limited (1)	350	-	-
Entities which key management personnel have control, significant influence or hold a material interest in	196	8	33
Key management personnel	-	-	-
Other related parties	42	109	313
	588	**117**	**346**

Rent paid to	Unaudited Period to 30 November 2021 £000	Unaudited Period to 30 November 2020 £000	Audited Year to 31 May 2021 £000
Entities which key management personnel have control, significant influence or hold a material interest in	80	86	176
Key management personnel	5	-	11
Other related parties	14	63	128
	99	**149**	**315**

13. Transactions with related parties (continued)

Interest received from	Unaudited Period to 30 November 2021 £000	Unaudited Period to 30 November 2020 £000	Audited Year to 31 May 2021 £000
Bertha Park Limited (1)	63	141	355
	63	**141**	**335**

The following amounts were outstanding at the reporting end date:

Amounts receivable	Unaudited Period to 30 November 2021 £000	Unaudited Period to 30 November 2020 £000	Audited Year to 31 May 2021 £000
Bertha Park Limited (1)	6,566	6,856	6,772
Entities which key management personnel have control, significant influence or hold a material interest in	56	19	3
Key management personnel	3	1	3
Other related parties	-	5	3
	6,625	**6,881**	**6,781**

Amounts payable	Unaudited Period to 30 November 2021 £000	Unaudited Period to 30 November 2020 £000	Audited Year to 31 May 2021 £000
Entities which key management personnel have control, significant influence or hold a material interest in	44	32	8
Key management personnel	-	-	-
Other related parties	-	48	58
	44	**80**	**66**

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 shareholders and directors.

14. Analysis of net debt

	Unaudited Period to 30 November 2021 £000	Unaudited Period to 30 November 2020 £000	Audited Year to 31 May 2021 £000
Cash in hand and bank	70,887	1,748	15,826
Bank borrowings	(110,622)	(34,000)	(34,000)
Net bank debt	(39,735)	(32,252)	(18,174)
Lease liability	(3,224)	(2,987)	(2,613)
Net debt	**(42,959)**	**(35,239)**	**(20,787)**

Reconciliation of net cashflow to movement in net debt is as follows:

	At 1 December 2020 £000	New Leases £000	Cashflow £000	Fair Value £000	At 30 November 2021 £000
Cash in hand and bank	1,748	-	69,139	-	70,887
Bank borrowings	(34,000)	-	(76,622)	-	(110,622)
Lease	(2,987)	(1,407)	1,315	(145)	(3,224)
Net Debt	**(35,239)**	**(1,407)**	**(6,168)**	**(145)**	**(42,959)**

The majority of the large cash balance above relates to the £64.6m of bank funding draw down on 30 November 2021 in order to fund the acquisition of Thistle SPV2 Limited on 1 December 2021.

15. Post balance sheet events

On 1 December 2021, the Group purchased 100% of the share capital of Thistle SPV2 Limited, the owner of Tulloch Homes, an Inverness-based housebuilder focused on building high-quality private housing in the Scottish Highlands, for a net consideration of £56.4m, being gross consideration of £77.6m less expected net cash in the Tulloch Homes business, on completion, of not less than £21.2m. The £56.4m is comprised of initial cash consideration of £43.4m and deferred cash consideration of £13.0m. The projected net asset value acquired is approximately £53.4m.