

21 February 2023

Springfield Properties plc
 (“Springfield”, the “Company”, the “Group” or the “Springfield Group”)

Interim Results

Springfield Properties (AIM: SPR), a leading housebuilder in Scotland focused on delivering private and affordable housing, announces its interim results for the six months ended 30 November 2022.

Financial Summary

| | H1 2023 | H1 2022 | Change |
|-----------------------------------|----------------|----------------|---------------|
| | £m | £m | |
| Revenue | 161.9 | 87.3 | +85% |
| <i>Private housing revenue</i> | 118.6 | 47.3 | +151% |
| <i>Affordable housing revenue</i> | 27.9 | 31.7 | -12% |
| <i>Contract housing revenue</i> | 10.6 | 7.5 | +41% |
| <i>Other revenue*</i> | 4.8 | 0.8 | +500% |
| Gross margin | 14.0% | 18.5% | -450bps |
| Adj. operating profit** | 8.2 | 6.8 | +21% |
| Operating profit | 7.6 | 6.7 | +13% |
| Adj. profit before tax** | 6.6 | 6.4 | +3% |
| Profit before tax | 5.9 | 6.2 | -5% |
| Adj. basic EPS (p) | 4.68 | 5.09 | -8% |
| Basic EPS (p) | 4.24 | 4.93 | -14% |

* Includes land sales of £3.7m in H1 2023 (H1 2022: £0.1m)

** Adjusted to exclude exceptional costs of £0.6m (H1 2022: £0.2m) (See the Financial Review for further detail)

Operational Summary

- Strong growth during the period in private housing, reflecting acquisitions of Tulloch Homes and Mactaggart & Mickel Homes and organic growth despite challenging market backdrop
- Significant impact from build cost inflation, particularly on fixed-price contracts in affordable housing, affecting margins across the Group
- Decisive action taken during, and post, period across the business to address the market conditions, resulting in expected annualised cost savings of approximately £3.0m
- Strategic acquisition of the Scottish housebuilding business of Mactaggart & Mickel Group Ltd (“Mactaggart & Mickel Homes”) on 21 June 2022, a premium brand housebuilder with a land bank in highly desirable locations within the Central Belt of Scotland
- *Private housing*
 - 429 private homes were completed (H1 2022: 197), reflecting acquisitions of Tulloch Homes and Mactaggart & Mickel Homes and organic growth
 - Sales for this current financial year are largely protected by the Scottish missive system with approximately 94% of market forecast private housing revenue for 2023 secured
 - Reduced homebuyer confidence impacted private housing reservations towards the end of the period
 - Since period end, the Group has been encouraged by the reservation levels across its brands
- *Affordable housing*
 - Strategic decision taken to temporarily pause entering new long-term affordable housing contracts until market conditions improve

- 175 affordable housing completions (H1 2022: 204), with revenue and margin impacted by build cost inflation due to industry-wide model of fixed-price contracts
- **Contract housing**
 - Progressed delivery of first contract for private rented sector (“PRS”) housing, with final handovers occurring post period
 - Plans for the delivery of further PRS housing were withdrawn, following the Scottish Government’s intervention in rent control
- Proportion of land bank with planning permission at 30 November 2022 was 55.0% (31 May 2022: 52.1%):
 - Planning approval obtained for 753 homes
 - An additional 533 homes with planning were received through the Mactaggart & Mickel Homes acquisition
- Completed a strategic land sale to generate £3.7m; will consider further opportunities where the terms and price are desirable
- Total land bank of 16,975 plots at period end (31 May 2022: 16,652) with Gross Development Value (“GDV”) of £3.7bn (31 May 2022: £3.5bn)

Innes Smith, Chief Executive Officer of Springfield Properties, commented: “This has been a challenging period for the housebuilding industry with significant headwinds having a combined effect, which largely offset the excellent growth that we achieved in private housing. The UK government’s mini-budget in September reduced the confidence of homebuyers and the cost of mortgages increased significantly. Our affordable housing business was greatly impacted by build cost inflation and, with the Scottish Government still to review its affordable housing investment benchmark, it is not currently possible to continue building affordable homes at the same pace as we have in the past. Our plans to deliver additional homes for families through PRS were unfortunately withdrawn as a result of the Scottish Government’s intervention in rent control. Plus, while one land sale to a housebuilder was achieved, the industry-wide stalling of land purchases meant that we could not secure acceptable value for additional sales.

“We have taken decisive action in response to these conditions. We’ve paused entering new long-term affordable housing contracts and reduced our fixed cost base. We’ve made a strategic land sale on good terms; reduced land buying activity; and are approaching new site openings with caution. We are also encouraged by the signs that market conditions are improving. While it is too early to call a recovery, the green shoots we are experiencing and which are being seen across the industry, through increased reservations and visitor levels, are encouraging.

“The foundations of Springfield remain strong. We offer high quality, energy efficient homes in popular locations across Scotland and have a large land bank, over half of which has planning. This, combined with the actions we are taking as we focus on reducing our net debt position, provides an excellent platform from which we can take advantage as the markets continue to improve and we remain confident in our future prospects and ability to generate shareholder value.”

Enquiries:

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Results Presentation

Innes Smith, Chief Executive Officer, Michelle Motion, Chief Financial Officer, and Martin Egan, Chief Operating Officer, will be holding a presentation for analysts at 9.00am GMT today at the office of Gracechurch Group, Fourth Floor, 48 Gracechurch Street, London, EC3V 0EJ. To register to participate, please contact henrygamble@gracechurchpr.com

Operational Review

During the first half of 2023, the Group delivered its highest number of completions in a six-month period, at 673 (H1 2022: 459). This was driven by the Group's private housing, which grew on an underlying basis and by the contributions from Tulloch Homes and Mactaggart & Mickel Homes, which were acquired in H2 2022 and at the start of the period respectively.

The Group's growth was achieved against an increasingly difficult market backdrop, with significant build cost inflation, which particularly impacted affordable housing, and reduced homebuyer confidence resulting from rising mortgage rates and cost-of-living challenges, which peaked around the time of the UK Government's mini-budget. Following the Scottish Government's intervention in rent control, the Group's plans for expanding its PRS housing activity were withdrawn, with its planned land sales and construction contracts falling through.

However, as described further below, the Group has acted decisively to address these conditions. The Group took the strategic decision, during the period, to temporarily halt entering new long-term affordable housing contracts, which are more exposed to inflationary pressures due to the fixed-price nature of contracts, and it is carefully considering the opening of new private housing developments. Other actions include reducing land buying activity to retain capital; pausing recruitment and reducing staffing levels in areas most impacted by the market downturn; and maintaining tight cost control, including identifying synergies across the business. In addition, the Group completed a strategic land sale during the period – albeit the Group's expectations of selling further land did not come to fruition as the terms on offer were not favourable as land purchases stalled across the industry. The Group continues to consider opportunities for land sales where they represent strong value.

Land Bank

During the period, the Group strengthened its land bank with the acquisition of Mactaggart & Mickel Homes. This comprised a total of 701 plots in highly desirable locations within the Central Belt of Scotland.

At the same time, the Group continued to realise value from its large, high-quality land bank, and thereby strengthening the balance sheet, with the strategic sale of land (of approximately 60 plots) to a national housebuilder. Springfield will consider further opportunities for strategic sales or land swaps where the terms and price are desirable. In addition, in response to the current market conditions, the Group has significantly reduced its land buying activity, and is focused on realising the value of its existing land bank.

As at 30 November 2022, the Group had 56 active developments (31 May 2022: 51 active developments) and during the period:

- 10 developments were completed;
- 15 new active developments were added to the land bank (of which 9 were under Mactaggart & Mickel Homes);
- Planning was granted on 753 plots on 6 developments;
- the Group received 533 plots with planning through the Mactaggart & Mickel Homes acquisition;
- resulting in the total consented land bank increasing to 9,337 plots, representing 55.0%, at 30 November 2022 (31 May 2022: 8,680 plots and 52.1%); and
- the land bank consisted of 16,975 plots (31 May 2022: 16,652).

Private Housing

The number of private home completions increased by 117.8% to 429 (H1 2022: 197). This reflects growth across the majority of the Group's brands and regions as well as the contributions from Tulloch Homes and Mactaggart & Mickel Homes.

As previously noted, demand for private housing was sustained during much of the first half of the year, but against a challenging market backdrop that began to impact reservations materially towards the end of the period. The Group has been encouraged, however, by the reservation levels across its business during January and February 2023. This is being supported by falling mortgage rates and an increase in customers visiting the Group's sales offices as homebuyers adjust to the market conditions.

The Group's private housing secured sales for the current financial year are largely protected by the Scottish missive system. As a result, the Group remains on track for good growth for the full year. The Group currently has homes delivered, missed or reserved representing approximately 94% of market forecast private housing revenue for 2023.

The average selling price ("ASP") for private housing was £277k (H1 2022: £240k). This reflects the regional and housing-type mix, including the contribution from Tulloch Homes and Mactaggart & Mickel Homes, which have higher selling prices than the rest of the Group, as well as a general increase in sales prices. This served to mitigate some of the build cost inflation in private housing during the period. As previously stated, private house price growth is no longer anticipated in the short term, however the Group is pleased to note that selling prices have remained stable across its developments post period end, supported by the established reputation of high quality across its brands.

As at 30 November 2022, Springfield was active on 38 private housing developments (31 May 2022: 31), with 10 active developments added during the period, of which 9 were from Mactaggart & Mickel Homes, and 3 developments completed. In total, as at 30 November 2022, the private housing land bank consisted of 11,920 plots on 83 developments (31 May 2022: 11,565 plots on 74 developments). As previously stated, in response to market conditions, the Group is taking a cautious approach to opening new developments, including undertaking 'soft launches' to test the market before making further investment into site infrastructure.

Planning consent was granted for 492 plots on 5 developments for private housing, and the Group gained 512 private plots (394 with planning) through the acquisition of Mactaggart & Mickel Homes. As at 30 November 2022, 54.5% (6,500 plots) of private housing plots had planning consent (31 May 2022: 52.2%), with 21.8% going through the planning process and 23.6% at the pre-planning stage.

Village developments

Springfield Villages are standalone developments that include infrastructure and neighbourhood amenities. Each Village is designed with the potential to deliver up to approximately 3,000 homes, with ample green space and community facilities. They primarily offer private housing, but also include affordable housing and, at Bertha Park, PRS housing. The Group has three Villages that are already home to growing communities; one Village that has received planning permission with the Section 75 agreement to follow; and a further Village going through the planning process.

Demand for Springfield's Villages remains high, driven by the desirability of larger family housing, with local amenities and commuting distance to major cities. In total, there were fewer private housing completions at the Villages than in the first half of the previous year, which reflects the phasing of homes being made available for sale.

There was also a continued expansion of amenities and strengthening of community engagement at the Village developments. The success of Springfield's Villages has been recognised by several industry awards. This includes Bertha Park being named Large Development of the Year by the Scottish Homes Awards in June 2022 and Best Sustainable Development by WhatHouse? Awards, which celebrates residential developments across the UK, in November. Dykes of Gray also received the silver award for Best Public Realm from WhatHouse?, reflecting the Group's commitment to sustainability, quality and placemaking.

Affordable Housing

Margin in affordable housing was significantly impacted by build cost inflation due to the industry's model of fixed-price contracts. In particular, margin suffered from the delivery of two large, long-term contracts that had been signed in early 2020 and were therefore based on expectations of lower material and labour costs. The Group was also impacted by key subcontractors going out of business, which necessitated the Group finding replacement subcontractors that led to some delays and higher costs. In addition, the Scottish Government is yet to review its affordable housing investment benchmark to take into account the recent inflation.

As a result, during the period, Springfield took the decision to pause entering into new long-term affordable contracts, and it has maintained this position since period end. However, the Group believes that the longer-term fundamentals of affordable housing remain strong and it expects to recommence signing contracts when more normal market conditions resume.

The Group completed 175 affordable homes during the first half of 2023 (H1 2022: 204). Average selling price was in line with the same period of the prior year at £159k (H1 2022: £155k).

The number of active affordable housing developments was 16 at 30 November 2022 (31 May 2022: 18), with 5 active developments added during the period and 7 developments completed. As at 30 November 2022, the total affordable housing land bank consisted of 4,439 plots on 61 developments (31 May 2022: 4,412 plots on 60 developments).

As at 30 November 2022, 50.0% (2,221 plots) of affordable housing plots had planning (31 May 2022: 44.8%), with 27.2% of plots going through the planning process and 22.8% 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). To date, contract housing delivery has largely consisted of services provided to Bertha Park Limited, the developer of the Bertha Park Village, under a framework agreement. Springfield performs development services and receives revenue based on costs incurred plus a fixed mark up. During the period, it also included a small number of PRS houses through Mactaggart & Mickel Homes.

As at 30 November 2022, the contract housing land bank with planning consent consisted of 616 plots (31 May 2022: 675). The 69 homes completed during the period (H1 2022: 58) comprised 27 private homes, 8 affordable homes and 24 PRS homes at Bertha Park Village as well as 10 homes through Mactaggart & Mickel Homes.

Post period, the Group completed the final handovers of homes under its first PRS contract. As previously noted, the Group's plans to deliver further PRS homes have been withdrawn. The Scottish Government's intervention in rent control has created uncertainty and reduced the appetite of PRS providers to invest in Scotland.

Acquisition

During the period, Springfield continued to execute on its stated strategy of expanding via acquisition and into new territories to accelerate growth. On 21 June 2022, Springfield acquired the Scottish housebuilding business of Mactaggart & Mickel Group Ltd for a total consideration of £46.3m. Mactaggart & Mickel Homes is a premium brand housebuilder that has been delivering high-quality housing across the Central Belt of Scotland for almost 100 years. Under the terms of the acquisition, the Group acquired six live private

and affordable sites with work in progress, and acquired a brand licence to build homes as Mactaggart & Mickel Homes on a further 11 private and affordable sites, which would transfer to Springfield as homes are sold in line with the payments of the deferred consideration.

The acquisition also included Timber Systems, a timber frame factory near Glasgow. The addition of a second timber frame factory, to complement Springfield's pre-existing facility in Elgin, will secure kit supply and increase capacity for future growth while further reducing the Group's carbon footprint. Since acquisition, the Group has progressed transitioning the use of the new factory, which is now supplying a number of the Group's private and affordable developments as well as new commercial opportunities arising. In addition, as part of the consolidation progress, the Group restructured the Mactaggart & Mickel Homes business, which is expected to generate cost savings going forward.

Financial Review

For the six months ended 30 November 2022, revenue increased by 85.6% to £161.9m (H1 2022: £87.3m). This primarily reflects significant growth in private housing along with a strategic land sale and increased revenue in contract housing.

| Revenue | H1 2023 £'000 | H1 2022 £'000 | Change |
|--------------------|------------------|------------------|---------------|
| Private housing | 118,626 | 47,257 | +151.0% |
| Affordable housing | 27,843 | 31,670 | -12.1% |
| Contract housing | 10,634 | 7,510 | +41.6% |
| Other* | 4,827 | 833 | +479.5% |
| TOTAL | 161,930 | 87,270 | +85.6% |

*Primarily land sales

Private housing remained the largest contributor to Group revenue, accounting for 73.3% (H1 2022: 54.2%) of total sales, and increased by £71.4m to £118.6m. This significant growth was driven mainly by the contributions from Tulloch Homes, which was acquired in H2 2022, and from Mactaggart & Mickel Homes, which was acquired at the start of the period, as well as increased sales on an organic basis.

The reduction in affordable housing revenue to £27.9m (H1 2022: £31.7m) reflects some reduction in activity as well as continued inflation in expected development costs.

In contract housing, revenue grew as the Group neared the completion of delivery of its contract for PRS homes at Bertha Park; completed two PRS developments for Mactaggart & Mickel Homes; and generated increased revenue from private housing delivery at Bertha Park. There was also a significant increase in other revenue, driven by £3.7m received from a strategic land sale at a Walker site (H1 2022: £0.1m in land sales).

Gross profit increased by 41.0% to £22.7m (H1 2022: £16.1m) due to the growth in revenues. Gross margin was 14.0% (H1 2022: 18.5%), which reflects a significant reduction in affordable housing margin as well as a reduction in private housing margin, primarily reflecting sales mix. In private housing, higher costs impacted the margin of a small number of sites that were reaching the end of development. However, in general, cost price inflation in private housing was softened by house sales price inflation. In affordable housing, margin was significantly impacted by the industry-wide inflation in materials and labour costs as a result of the fixed-price nature of the Group's contracts in this area of the business. As noted, the Group has paused entering into new long-term contracts in affordable housing until normal market conditions resume.

Administrative expenses, excluding exceptional items, were £14.7m (H1 2022: £9.4m). This reflects the increase in overheads from the acquisitions of Tulloch Homes and Mactaggart & Mickel Homes. The Group,

however, focused on tight cost control during the period and, accordingly, administrative expenses, excluding exceptional items, as a proportion of revenue decreased to 9.1% in H1 2023 from 10.8% in H1 2022. In addition, during the period, the Group undertook a restructuring of the acquired Mactaggart & Mickel Homes business to consolidate some of the operations with the existing Group. This, combined with the other actions that the Group has taken and is taking to reduce its fixed cost base, is expected to generate further savings of approximately £3.0m on an annualised basis.

Finance costs were £1.7m (H1 2022: £0.5m), which represents greater bank interest payments due to the rise in interest rates and the increase in bank debt to fund the Mactaggart & Mickel Homes acquisition.

Exceptional items during the period were £0.6m (H1 2022: £0.2m). This mainly relates to the Mactaggart & Mickel Homes acquisition.

Operating profit grew by 13.4% to £7.6m (H1 2022: £6.7m). Excluding exceptional items, operating profit increased by 20.6% to £8.2m (H1 2022: £6.8m). Adjusted profit before tax and exceptional items increased by 3.1% to £6.6m (H1 2022: £6.4m) and statutory profit before tax decreased by 4.8% to £5.9m (H1 2022: £6.2m), which reflects the increased bank interest payments and exceptional items described above.

Basic earnings per share (excluding exceptional items) were 4.68 pence (H1 2022: 5.09 pence). Statutory basic earnings per share were 4.24 pence (H1 2022: 4.93 pence).

Net debt at 30 November 2022 was £73.7m (31 May 2022: £38.0m; 30 November 2021: £43.0m). The increase over the six-month period primarily reflects the usual working capital cycle, with significant work-in-progress at period end for delivery in the second half of the year and in the next financial year, as well as the Mactaggart & Mickel Homes acquisition. The increase compared with the same time of the previous year also includes the funding of the Tulloch Homes acquisition.

The Group continues to have a strong relationship with the Bank of Scotland. The Group's revolving credit facility of £87.5m is in place until January 2025 and the Group also has a £2.5m overdraft facility that is renewed annually. On 30 December 2022, the overdraft facility was increased by £10m to £12.5m for the period until May 2023, to provide extra short-term headroom.

In June 2022, the Group acquired Mactaggart & Mickel Homes for a total consideration of £46.3m, comprising £10.5m cash paid on completion and a deferred cash consideration of £35.8m to be paid proportionally as homes are sold over a five-year period. The acquisition is being funded from Springfield's internal resources and existing debt facilities with Bank of Scotland.

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.

This is reflected in initiatives such as the introduction and roll out, during the period, of a new website format to the Springfield Properties, Walker Group and Dawn Homes brands that is designed to improve the user experience for homebuyers visiting online. Following customer feedback on the importance of energy efficiency, a comprehensive instructional video was shared with customers on the operation of the hybrid air-source heating systems installed in their homes to ensure they were able to maximise efficiency savings.

In rolling out a new Quality Management System across each of the brands within the Group, Springfield achieved re-certification of ISO9001 in October. In July, the Group registered for 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. Post period, the Group has been preparing for the activation of the NHQB Code this spring, including setting up training for customer facing staff and programming construction to allow customers to inspect their home two weeks prior to handover.

Environment & People – ESG

The Group's inherent culture of looking after the environment, through the design of energy efficient homes within sustainable communities, and looking after people, through engagement with stakeholders and looking after customers and employees, was formalised during the period through the publication of the Group's first ESG strategy. Good progress has been demonstrated against a number of the first-year objectives set within the strategy.

During the period, the Group introduced new statistics for monitoring Health & Safety and Waste, undertook a comprehensive survey on customer attitudes to sustainability and achieved a significant milestone in the development of an Environmental Management System with Springfield gaining ISO14001 certification. Crucially, to ensure governance of ESG within the Group itself, a new Board Committee was created during the period, and which has since met three times. The Committee, chaired by the Group's CEO, has agreed a project plan and an approach to reporting on progress.

Post period, the Group published its first Equality, Diversity & Inclusion Policy and refreshed its Modern Slavery Statement, reinforcing its commitment to looking after employees. With the aim of promoting wider resilience, the Group has also written to each of its suppliers to raise awareness of Springfield's commitments to sustainability and to survey the supply chain on their own progress with ESG.

Markets

The market backdrop during the period, and subsequently, has remained challenging across the Group's activities. Material and labour supply constraints and, consequently, build cost inflation persisted. In private housing, the increase in interest and mortgage rates, combined with the ongoing cost-of-living pressures, reduced affordability and impacted homebuyer confidence. However, as noted, the Group is now experiencing signs of stabilisation in this respect, with customers adjusting to the market conditions and mortgage rates beginning to reduce, supported by greater affordability in Scotland compared with the wider UK. In addition, with the vast majority of sales within the Group being to second-, third- or fourth-time buyers, the Group's customer base is less exposed to higher interest rates because mortgages tend to be at a lower loan to value.

In affordable housing, the Scottish Government is yet to review its affordable housing investment benchmark. The policy environment for PRS housing continues to be uncertain following the Scottish Government's intervention with a temporary rent freeze in September 2022, which was replaced by a temporary rent cap in January 2023.

Nonetheless, the medium- to long-term fundamentals of the housing market in Scotland remain strong. There is an undersupply of housing across all tenures, which will continue to be exacerbated by population growth. The Scottish Government maintains its commitment to delivering 110,000 energy efficient affordable homes by 2032. There is also increased interest from homebuyers in energy efficient private homes, which the Group's offer caters to.

Dividend

While the Group maintains a strong financial position, given the continued market uncertainty, the Board has taken the decision not to propose an interim dividend for the six months ended 30 November 2022. The Board recognises the importance of the dividend to shareholders, but believes that this, alongside

other measures that the Group is taking to preserve its cash position, is an appropriate and prudent measure to preserve liquidity in these uncertain times. The Board will consider the payment of any final dividend for FY 2023 in light of the position and outlook of the Group at that time.

Outlook

The Group remains on track to deliver good revenue growth for FY 2023, driven by strong secured sales in private housing. The Scottish missive system, which ensures that customers are contracted into the purchase much earlier in the build programme, means revenue expectations for the current financial year are largely protected. In addition, with the actions that the Group is taking in response to the challenging market conditions, the Group is confident that it will be able to manage the inflationary pressures and report profit for the full year to 31 May 2023 in line with market expectations.

Looking further ahead, the Board is encouraged by the reservation levels experienced across its private housing business during January and February 2023. However, it is taking a cautious approach to future sales rates given the continued market uncertainty. The Group is maintaining tight cost control and will continue to closely monitor market conditions to ensure it can respond in a timely manner as required.

The Board continues to believe that the fundamentals of the business remain strong. The Group offers high quality, energy efficient homes in popular locations across Scotland under multiple highly respected brands. The large land bank, over half of which has planning permission already granted, provides visibility. As a result, and combined with the Group focusing on reducing its net debt position, this provides Springfield with an excellent platform from which to take advantage of the next upturn in the market cycle. In addition, there remains an undersupply of all tenures of housing across Scotland, with the Scottish Government committed to investing in the delivery of more affordable homes and there being greater affordability of private housing compared with the UK as a whole.

As a result, while the current period is not without its challenges, the Board remains confident in the Group's prospects and in its ability to generate shareholder value.

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED 30 NOVEMBER 2022**

| | | Unaudited Period to 30 November 2022 | Unaudited Period to 30 November 2021 | Audited Year to 31 May 2022 |
|---|----------|---|---|--------------------------------------|
| | Note | £000 | £000 | £000 |
| Revenue | 4 | 161,930 | 87,270 | 257,095 |
| Cost of sales | | <u>(139,235)</u> | <u>(71,151)</u> | <u>(213,960)</u> |
| Gross profit | 4 | 22,695 | 16,119 | 43,135 |
| Administrative expenses before exceptional items | | (14,713) | (9,386) | (20,950) |
| Exceptional items | 5 | <u>(643)</u> | <u>(163)</u> | <u>(1,100)</u> |
| Total administrative expenses | | (15,356) | (9,549) | (22,050) |
| Other operating income | | <u>215</u> | <u>88</u> | <u>396</u> |
| Operating profit | | 7,554 | 6,658 | 21,481 |
| Finance income | | 66 | 66 | 134 |
| Finance costs | | <u>(1,700)</u> | <u>(512)</u> | <u>(1,889)</u> |
| Profit before taxation | | 5,920 | 6,212 | 19,726 |
| Taxation | 6 | <u>(896)</u> | <u>(1,170)</u> | <u>(3,652)</u> |
| Profit for the period and total comprehensive income | 4 | <u>5,024</u> | <u>5,042</u> | <u>16,074</u> |
| Profit for the period and total comprehensive income is attributable to: | | | | |
| - Owners of the parent company | | <u>5,024</u> | <u>5,042</u> | <u>16,074</u> |
| Earnings per share | | | | |
| Basic earnings per share | 7 | 4.24p | 4.93p | 14.74p |
| Diluted earnings per share | 7 | 4.12p | 4.84p | 14.37p |

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 2022

| | | Unaudited 30 November 2022 | Unaudited 30 November 2021 | Audited 31 May 2022 |
|--|-------------|----------------------------------|----------------------------------|---------------------------|
| Non-current assets | Note | £000 | £000 | £000 |
| Property, plant and equipment | | 7,778 | 4,935 | 5,799 |
| Intangible assets | | 5,665 | 1,649 | 5,758 |
| Investments | | - | - | 520 |
| Deferred taxation | | 1,893 | 524 | 2,133 |
| Accounts receivable | | 5,381 | 5,324 | 5,641 |
| | | 20,717 | 12,432 | 19,851 |
| Current assets | | | | |
| Inventories | | 283,786 | 185,809 | 230,095 |
| Trade and other receivables | | 25,721 | 22,742 | 21,363 |
| Corporation tax | | 149 | 191 | - |
| Cash and cash equivalents | | 19,369 | 70,887 | 16,390 |
| | | 329,025 | 279,629 | 267,848 |
| Total assets | | 349,742 | 292,061 | 287,699 |
| Current liabilities | | | | |
| Trade and other payables | | 62,954 | 57,996 | 68,513 |
| Short-term bank borrowings | | - | 43,200 | - |
| Deferred consideration | 10 | 14,023 | - | 6,119 |
| Short-term obligations under lease liabilities | | 1,677 | 902 | 1,284 |
| Provisions | 12 | 821 | - | 821 |
| Corporation tax | | - | - | 273 |
| | | 79,475 | 102,098 | 77,010 |
| Non-current liabilities | | | | |
| Long-term bank borrowings | | 87,208 | 67,422 | 50,486 |
| Long-term obligations under lease liabilities | | 4,148 | 2,322 | 2,670 |
| Deferred taxation | | 3,651 | 2,861 | 3,726 |
| Deferred consideration | 10 | 27,954 | - | 6,455 |
| Contingent consideration | 11 | 2,000 | 3,900 | 2,000 |
| Provisions | 12 | 1,819 | 961 | 1,825 |
| | | 126,780 | 77,466 | 67,162 |
| Total liabilities | | 206,255 | 179,564 | 144,172 |
| Net assets | | 143,487 | 112,497 | 143,527 |
| Equity | | | | |
| Share capital | 9 | 148 | 128 | 148 |
| Share premium | 9 | 78,744 | 57,262 | 78,744 |
| Retained earnings | | 64,595 | 55,107 | 64,635 |
| Equity attributable to owners of the parent company | | 143,487 | 112,497 | 143,527 |

The accompanying notes form an integral part of these financial statements

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 NOVEMBER 2022**

| | Note | Share capital £000 | Share premium £000 | Retained earnings £000 | Total £000 |
|---|----------|-----------------------|-----------------------|---------------------------|----------------|
| 1 June 2021 | | 128 | 56,761 | 54,341 | 111,230 |
| Share issue | | - | 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 |
| Share issue | | 20 | 21,482 | - | 21,502 |
| Total comprehensive income for the period | | - | - | 11,032 | 11,032 |
| Dividends | 8 | - | - | (1,776) | (1,776) |
| Share-based payments | | - | - | 272 | 272 |
| 31 May 2022 | | 148 | 78,744 | 64,635 | 143,527 |
| Total comprehensive income for the period | | - | - | 5,024 | 5,024 |
| Dividends | 8 | - | - | (5,568) | (5,568) |
| Share-based payments | | - | - | 504 | 504 |
| 30 November 2022 | | 148 | 78,744 | 64,595 | 143,487 |

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
FOR THE HALF YEAR ENDED 30 NOVEMBER 2022**

| | Unaudited Period to 30 November 2022 | Unaudited Period to 30 November 2021 | Audited Year to 31 May 2022 |
|--|---|---|--------------------------------------|
| | £000 | £000 | £000 |
| Cash flows generated from operations | | | |
| Profit for the period | 5,024 | 5,042 | 16,074 |
| Adjusted for: | | | |
| Exceptional items | 643 | 163 | 1,100 |
| Taxation charged | 896 | 1,170 | 3,652 |
| Finance costs | 1,700 | 512 | 1,889 |
| Finance income | (66) | (66) | (134) |
| Adjusted operating profit before working capital movement | 8,197 | 6,821 | 22,581 |
| Exceptional items | (643) | (163) | (1,100) |
| Gain on disposal of tangible fixed assets | (91) | (72) | (187) |
| Gain on disposal of investment | (158) | - | - |
| Share-based payments | 504 | 282 | 554 |
| Non-cash movement | 95 | - | 100 |
| Amortisation of intangible fixed assets | 123 | - | 161 |
| Depreciation of tangible fixed assets | 1,061 | 826 | 1,724 |
| Operating cash flows before movements in working capital | 9,088 | 7,694 | 23,833 |
| Increase in inventory | (8,346) | (29,035) | (16,505) |
| (Increase)/decrease in trade and other receivables | (4,023) | (3,487) | 4,253 |
| (Decrease)/increase in trade and other payables | (6,170) | 6,142 | 7,503 |
| Net cash (used in)/generated from operations | (9,451) | (18,686) | 19,084 |
| Taxation paid | (1,153) | (2,305) | (3,522) |
| Net cash (outflow)/inflow from operating activities | (10,604) | (20,991) | 15,562 |
| Investing activities | | | |
| Purchase of property, plant and equipment | (172) | (170) | (376) |
| Proceeds on disposal of property, plant and equipment | 109 | 124 | 247 |
| Proceeds on disposal of investment | 678 | - | - |
| Deferred consideration paid on acquisition of subsidiary | (4,450) | - | (2,362) |
| Acquisition of subsidiary, net of cash acquired | (11,212) | - | (41,525) |
| Purchase of intangible assets | (30) | - | (84) |
| Interest received | - | 4 | - |
| Net cash used in investing activities | (15,077) | (42) | (44,100) |
| Financing activities | | | |
| Proceeds from issue of shares | - | 501 | 22,728 |
| Costs relating to share raise | - | - | (724) |
| Proceeds from bank loans | 36,722 | 76,622 | 16,486 |
| Payment of lease liabilities | (973) | (545) | (1,437) |
| Dividends paid | (5,568) | - | (6,334) |
| Interest paid | (1,521) | (484) | (1,617) |
| Net cash inflow from financing activities | 28,660 | 76,094 | 29,102 |
| Net increase in cash and cash equivalents | 2,979 | 55,061 | 564 |
| Cash and cash equivalents at beginning of period | 16,390 | 15,826 | 15,826 |
| Cash and cash equivalents at end of period | 19,369 | 70,887 | 16,390 |

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 NOVEMBER 2022

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 2022 comprises the Company and its subsidiaries. The basis of preparation of the consolidated interim financial statements is set out in note 2 below.

The financial information for six-month period ended 30 November 2022 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 2022, which has been prepared in accordance with International Accounting Standards in conformity with the requirements of the UK adopted international accounting standards. The statutory financial statements for year ended 31 May 2022 have been delivered to the Registrar of Companies. The auditors' report on those financial statements 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 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 31 May 2022 year-end financial statements 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 2022. There has been no significant change in any risk management policies since the date of the last audited financial statements.

Going Concern

As noted in the Group's trading update issued on 12 December 2022, Springfield entered the 2023 financial year with a strong order book and sustained demand in private housing, but against a challenging market backdrop. Since then, the rise in interest rates and broader economic uncertainty have impacted reservations for the Group's private housing. The Group's revenues for this current financial year are largely protected by the Scottish missive system, which ensures that customers are contracted into the purchase much earlier in the build programme. As a result, the Group remains on track for good revenue growth for FY 2023. However, cognisant of the continued market uncertainty, the Board is taking a cautious approach to expectations of future sales rates.

The industry-wide inflationary pressures in materials and labour remain challenging as supply chain disruption has persisted. Private house price growth is not anticipated in the short-term, rendering the increase in build costs more difficult to mitigate. The Group's affordable housing business continues to be impacted due to the industry's model of fixed-price contracts and with the Scottish Government yet to

review its affordable housing investment benchmark. The Group therefore continues to hold off from entering into long-term fixed-price contracts in affordable housing. In addition, the Group's plans to deliver homes for the private rented sector (PRS) are unlikely to come forward in the next couple of years following the Scottish Government's intervention in rent control.

The Group continues to have a strong relationship with the Bank of Scotland - the revolving credit facility of £87.5m has an expiry date in January 2025 and the Group also has a £2.5m overdraft facility in place which is renewed annually. On 30 December 2022, the overdraft facility was increased by £10m to £12.5m for the period until May 2023.

The Group prepared revised projections in December 2022 to cover the years to May 2023 and May 2024 – these projections form the basis of the assessment to confirm the appropriateness of the going concern basis being adopted for the preparation of these consolidated interim financial statements.

The Board continues to believe that the fundamentals of the business and of the housing market in Scotland remain strong. There is an undersupply of housing across all tenures, and the Group offers high quality, energy efficient homes in popular locations across the country - with greater affordability in Scotland compared with the UK as whole. The Scottish Government maintains its commitment to investing in the delivery of more affordable homes and the Group's strategic land bank provides opportunities for land sales in the short term.

The Group is focused on maintaining tight cost control during this volatile period, whilst the historic investment in the land bank, over half of which has planning permission already granted, provides the Group with visibility and an excellent platform from which to take advantage of the next upturn in the market cycle.

The Directors are confident that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these half year 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 2022.

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 the Group's latest annual financial statements for the year ended 31 May 2022. The Group has reviewed these risks and uncertainties, which remain relevant for both the 6 months to 30 November 2022 and the full financial year to 31 May 2023. The Group continues 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.

Redundancy costs relate to a review of the Group's business to identify areas for greater efficiency and rationalisation.

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 2022 | Unaudited Period to 30 November 2021 | Audited Year to 31 May 2022 |
|--------------------------------|---|---|--|
| | £000 | £000 | £000 |
| Revenue | | | |
| Private residential properties | 118,626 | 47,257 | 174,442 |
| Affordable housing | 27,843 | 31,670 | 64,251 |
| Contracting | 10,634 | 7,510 | 16,494 |
| Other | 4,827 | 833 | 1,908 |
| Total Revenue | 161,930 | 87,270 | 257,095 |
| Gross profit | 22,695 | 16,119 | 43,135 |
| Administrative expenses | (14,713) | (9,386) | (20,950) |
| Exceptional items | (643) | (163) | (1,100) |
| Other operating income | 215 | 88 | 396 |
| Finance income | 66 | 66 | 134 |
| Finance expense | (1,700) | (512) | (1,889) |
| Profit before tax | 5,920 | 6,212 | 19,726 |
| Taxation | (896) | (1,170) | (3,652) |
| Profit for the period | 5,024 | 5,042 | 16,074 |

5. Exceptional items

| | Unaudited Period to 30 November 2022 | Unaudited Period to 30 November 2021 | Audited Year to 31 May 2022 |
|---|---|---|--|
| | £000 | £000 | £000 |
| Redundancy costs | 276 | 141 | 141 |
| Acquisition and other transaction related costs (1) | 367 | - | 859 |
| Other acquisition and other transaction related costs (2) | - | - | 100 |
| Wage cost for furloughed employees | - | 22 | - |
| Exceptional items | 643 | 163 | 1,100 |

(1) Acquisition and other transactions costs relating to acquiring the business of Mactaggart and Mickel Group Limited (y/e 31 May 2022 Tulloch Homes Group and its subsidiary companies)

(2) Y/e 31 May 2022 - other acquisition costs and other related costs relating to planning being achieved at Carlaverock which had previously been assessed as 95% likely

6. Taxation

The results for the six months to 30 November 2022 include a tax charge of 15.1% of profit before tax (30 November 2021: 18.8%; 31 May 2022: 18.5%), 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:

| | Unaudited Period to 30 November 2022 £000 | Unaudited Period to 30 November 2021 £000 | Audited Year to 31 May 2022 £000 |
|--|--|--|---|
| Earnings | | | |
| Profit for the period | 5,024 | 5,042 | 16,074 |
| Adjusted for the impact of tax adjusted exceptional costs in the year | 521 | 163 | 970 |
| Normalised earnings | <u>5,545</u> | <u>5,205</u> | <u>17,044</u> |
| | | | |
| | Unaudited Period to 30 November 2022 | Unaudited Period to 30 November 2021 | Audited Year to 31 May 2022 |
| Number of Shares | | | |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | 118,469,399 | 102,306,694 | 109,022,146 |
| Effect of dilutive potential ordinary shares: share options | 3,377,930 | 1,929,619 | 2,797,323 |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share | <u>121,847,329</u> | <u>104,236,313</u> | <u>111,819,469</u> |
| | | | |
| | Unaudited Period to 30 November 2022 | Unaudited Period to 30 November 2021 | Audited Year to 31 May 2022 |
| | Pence | Pence | Pence |
| Earnings per ordinary share (pence per share) | | | |
| Basic earnings per share | 4.24 | 4.93 | 14.74 |
| Diluted earnings per share | 4.12 | 4.84 | 14.37 |
| | | | |
| Adjusted earnings per ordinary share (pence per share) | | | |
| Basic earnings per share | 4.68 | 5.09 | 15.63 |
| Diluted earnings per share | 4.55 | 4.99 | 15.24 |

8. Dividends

| | Unaudited Period to 30 November 2022 £000 | Unaudited Period to 30 November 2021 £000 | Audited Year to 31 May 2022 £000 |
|------------------------------------|--|--|---|
| Final dividend – y/e 31 May 2021 | - | 4,558 | 4,558 |
| Interim dividend – y/e 31 May 2022 | - | - | 1,776 |
| Final dividend – y/e 31 May 2022 | 5,568 | - | - |
| | <u>5,568</u> | <u>4,558</u> | <u>6,334</u> |

The final dividend declared for the year ended 31 May 2022 was 4.7p per share amounting to £5,568,061. This dividend was declared before 30 November 2022 and is included within liabilities at 30 November 2022. The dividend was paid in December 2022.

9. Share Capital

The company has one class of ordinary share which carries 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.

| | Number of shares | Share capital £000 | Share premium £000 |
|--|---------------------|-----------------------|--------------------------|
| Ordinary shares of 0.125p - allotted, called up and fully paid | | | |
| At 1 December 2021 | 102,565,316 | 128 | 57,262 |
| Share issue | 15,904,083 | 20 | 21,482 |
| At 31 May 2022 and 30 November 2022 | <u>118,469,399</u> | <u>148</u> | <u>78,744</u> |

10. Deferred Consideration

As part of the purchase agreement of Tulloch Homes Holdings Limited, there was a further £13,000,000 of deferred consideration payable. This can be broken down into (i) £362,300 paid on 24 April 2022 (ii) £6,137,700 paid on 1 December 2022 and (iii) £6,500,000 payable on 1 July 2023. The outstanding discounted amount payable at the period end is £12,611,876 (p/e November 2021: £nil; y/e 31 May 2022: £12,574,228).

As part of acquiring the Scottish housebuilding business of Mactaggart & Mickel Group Limited, there is a further £30,781,108 of deferred consideration payable. This is to be paid proportionally as homes are sold over 5 years, commencing in September 2023. The outstanding discounted amount payable at the period end is £29,365,111 (p/e November 2021: £nil; y/e 31 May 2022: £nil).

| | Unaudited Period to 30 November 2022 £000 | Unaudited Period to 30 November 2021 £000 | Audited Year to 31 May 2022 £000 |
|---------------------------------|--|--|---|
| Deferred consideration < 1 year | 14,023 | - | 6,119 |
| Deferred consideration > 1 year | 27,954 | - | 6,455 |
| | <u>41,977</u> | <u>-</u> | <u>12,574</u> |

11. Contingent consideration and contingent liabilities

As part of the purchase agreement of Walker Group Springfield Holdings 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 the probability of which was assessed at 98% and 95% respectively. This has been discounted at a market rate of interest. £4,000,000 was paid in December 2019 and £2,000,000 was paid in January 2022. The outstanding discounted amount payable at the period end is £nil (30 November 2021: £1,900,000; 31 May 2022: £nil).

As part of the purchase agreement of Dawn Homes Holdings Limited there is a further £2,500,000 payable for an area of land if (i) the Group makes a planning application when it reasonably believes 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 2021: £2,000,000; 31 May 2022: £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 2022 £000 | Unaudited Period to 30 November 2021 £000 | Audited Year to 31 May 2022 £000 |
|---|--|--|---|
| Walker Group Springfield Holdings Limited | - | 1,900 | - |
| Dawn Homes Holdings Limited | 2,000 | 2,000 | 2,000 |
| | 2,000 | 3,900 | 2,000 |

| Contingent liabilities | Unaudited Period to 30 November 2022 £000 | Unaudited Period to 30 November 2021 £000 | Audited Year to 31 May 2022 £000 |
|---|--|--|---|
| Walker Group Springfield Holdings Limited | - | 100 | - |
| Dawn Homes Holdings Limited | 500 | 500 | 500 |
| | 500 | 600 | 500 |

12. Provision

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

| | Unaudited Period to 30 November 2022 £000 | Unaudited Period to 30 November 2021 £000 | Audited Year to 31 May 2022 £000 |
|-------------------------|--|--|---|
| Dilapidation provision | 177 | 190 | 150 |
| Onerous lease provision | - | 100 | - |
| Maintenance provision | 2,463 | 671 | 2,496 |
| | 2,640 | 961 | 2,646 |

| | Unaudited Period to 30 November 2022 £000 | Unaudited Period to 30 November 2021 £000 | Audited Year to 31 May 2022 £000 |
|---------------------|--|--|---|
| Provisions < 1 year | 821 | - | 821 |
| Provisions > 1 year | 1,819 | 961 | 1,825 |
| | 2,640 | 961 | 2,646 |

13. Transactions with related parties

Other related parties include transactions with a retirement scheme in which some of the directors are beneficiaries, and close family members of key management personnel. During the period dividends totalling £1,854k (p/e November 2021: £1,993k; y/e May 2022: £2,343k) were paid to key management personnel.

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

| | Unaudited Period to 30 November 2022 £000 | Unaudited Period to 30 November 2021 £000 | Audited Year to 31 May 2022 £000 |
|--|---|---|---|
| Sale of goods | | | |
| Bertha Park Limited ⁽¹⁾ | 8,090 | 7,726 | 18,691 |
| Other entities which key management personnel have control, significant influence or hold a material interest in | 45 | 39 | 83 |
| Key management personnel | 189 | 10 | 176 |
| Other related parties | 17 | 2 | 29 |
| | 8,341 | 7,777 | 18,979 |

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

| | Unaudited Period to 30 November 2022 £000 | Unaudited Period to 30 November 2021 £000 | Audited Year to 31 May 2022 £000 |
|--|---|---|---|
| Purchase of goods | | | |
| Bertha Park Limited ⁽¹⁾ | - | 350 | 371 |
| Entities which key management personnel have control, significant influence or hold a material interest in | 17 | 196 | 45 |
| Key management personnel | - | - | 11 |
| Other related parties | 118 | 42 | 332 |
| | 135 | 588 | 759 |

| | Unaudited Period to 30 November 2022 £000 | Unaudited Period to 30 November 2021 £000 | Audited Year to 31 May 2022 £000 |
|--|---|---|---|
| Rent paid to | | | |
| Entities which key management personnel have control, significant influence or hold a material interest in | 81 | 80 | 170 |
| Key management personnel | 3 | 5 | - |
| Other related parties | 50 | 14 | 107 |
| | 134 | 99 | 277 |

13. Transactions with related parties (continued)

| | Unaudited Period to 30 November 2022 £000 | Unaudited Period to 30 November 2021 £000 | Audited Year to 31 May 2022 £000 |
|------------------------------------|---|---|---|
| Interest received from | | | |
| Bertha Park Limited ⁽¹⁾ | 63 | 63 | 125 |
| | <u>63</u> | <u>63</u> | <u>125</u> |

The following amounts were outstanding at the reporting end date:

| | Unaudited Period to 30 November 2022 £000 | Unaudited Period to 30 November 2021 £000 | Audited Year to 31 May 2022 £000 |
|--|---|---|---|
| Amounts receivable | | | |
| Bertha Park Limited ⁽¹⁾ | 10,022 | 6,566 | 9,167 |
| Entities which key management personnel have control, significant influence or hold a material interest in | 4 | 56 | 54 |
| Key management personnel | 40 | 3 | 39 |
| Other related parties | 4 | - | 1 |
| | <u>10,070</u> | <u>6,625</u> | <u>9,261</u> |

| | Unaudited Period to 30 November 2022 £000 | Unaudited Period to 30 November 2021 £000 | Audited Year to 31 May 2022 £000 |
|--|---|---|---|
| Amounts payable | | | |
| Entities which key management personnel have control, significant influence or hold a material interest in | 32 | 44 | - |
| Other related parties | 43 | - | 52 |
| | <u>75</u> | <u>44</u> | <u>52</u> |

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 subsidiaries, 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 2022 £000 | Unaudited Period to 30 November 2021 £000 | Audited Year to 31 May 2022 £000 |
|-----------------------|--|--|---|
| Cash in hand and bank | 19,369 | 70,887 | 16,390 |
| Bank borrowings | (87,208) | (110,622) | (50,486) |
| Net bank debt | <u>(67,839)</u> | <u>(39,735)</u> | <u>(34,096)</u> |
| Lease liability | (5,825) | (3,224) | (3,954) |
| Net debt | <u>(73,664)</u> | <u>(42,959)</u> | <u>(38,050)</u> |

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

| | At 1 June 2022 £000 | New Leases £000 | Cashflow £000 | Fair Value £000 | At 30 November 2022 £000 |
|-----------------------|------------------------|-----------------------|------------------------|---------------------|--------------------------------|
| Cash in hand and bank | 16,390 | - | 2,979 | - | 19,369 |
| Bank borrowings | (50,486) | - | (36,722) | - | (87,208) |
| Lease | (3,954) | (2,703) | 973 | (141) | (5,825) |
| Net Debt | <u>(38,050)</u> | <u>(2,703)</u> | <u>(32,770)</u> | <u>(141)</u> | <u>(73,664)</u> |

15. Acquisition in the period

On 21 June 2022, the Group acquired the Scottish housebuilding business of Mactaggart & Mickel for a total consideration of £46.3m. Mactaggart & Mickel is a premium brand housebuilder that has been delivering high-quality housing across the Central belt of Scotland for almost 100 years.

Under the terms of the acquisition, the Group acquired six live private and affordable sites with work in progress for a consideration of £15.0m and acquired a brand licence to build homes as Mactaggart & Mickel on a further 11 private and affordable sites for the deferred consideration of £30.8m.

The housebuilder's fixed assets and WIP were purchased by Springfield M&M Homes Limited. Employees have been transferred under a TUPE agreement.

The acquisition also included Timber Systems, a timber frame factory near Glasgow, for a consideration of £0.5m. The addition of a second timber frame factory, which complements the Group's existing facility in Elgin, will secure kit supply and increase capacity for future growth while further reducing the Group's carbon footprint.

The timber kit fixed assets and stock were purchased by Springfield Timber Kit Systems Limited. Employees have been transferred under a TUPE agreement and Springfield Timber Kit Systems have taken over the lease of the building.

Under IFRS 3, Business Combinations, the final fair value assessment of assets and liabilities acquired will be fully completed within 12 months of the acquisition date and will be reported within the 31 May 2023 financial statements.