

J. SMART & CO. (CONTRACTORS) PLC ANNOUNCES TODAY, FRIDAY 21 NOVEMBER 2025, ITS FULL YEAR RESULTS FOR THE YEAR TO 31st JULY 2025

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

CHAIRMAN'S REVIEW

ACCOUNTS

Headline Group profit for the year before tax including an unrealised surplus in revalued property and a surplus in revalued financial assets was £6,868,000 compared with £2,365,000 last year.

As in previous years, our view is that disregarding the movement in the revaluation of the commercial property and financial assets provides a truer reflection of the Group's performance, which we refer to as underlying profit. The underlying profit before tax for the year was £866,000, compared with last year's figure of £1,248,000, as detailed in note 10 to the financial statements.

The Board is recommending a Final Dividend of 2.29p, making a total of 3.25p. The Final Dividend will cost the company no more than £890,000.

TRADING ACTIVITIES

Group construction activities, including residential sales, increased by 14%. Headline Group profit increased this financial year, due to the rise in the value of the commercial property portfolio. Underlying profit before tax decreased this year, mainly due to poor performance of some of our subsidiary companies and increased loss provisions in some of our private housing developments.

All our construction sites and future developments continue to experience significant issues with delays in infrastructure, utility and statutory approvals. The prolonging of programmes together with the relentless increase in the cost of construction materials is still placing a downward pressure on trading margins.

There has been no change to the lack of contract work in the housing association sector, with no significant movement by central government on raising funding levels.

Sales at the residential development at Clovenstone Gardens have been better than expected with the majority of the private housing element being sold to local housing associations. The whole development will complete at the end of this month, but for the reasons detailed above, profit margins will be worse than expected, despite the welcome sales.

The sales at Winchburgh, Canal Quarter, despite being sporadic in nature due to the lack of confidence by home buyers, have been better than expected, with incentives, less than anticipated. There is less than a quarter of the units left to be sold and sales prospects look promising. However, holding costs due to the prolonged sales period continue to erode the profitability of this development.

As mentioned in the Interim Report, at the end of 2024 we entered into a new joint venture company, St Andrews 1413 Limited, with Knowe Properties Limited. The refurbishment of the 15 flats completed just after the financial year end and all properties were let soon thereafter. The absence of the requirement for statutory/utility approvals contributed to this contract handing over to no programme delays. I would like to contribute to all the people

contributed to this contract experiencing next to no programme delays. I would like to pay tribute to all the people involved in this project who, set with a tight completion deadline, managed to finish the project timeously with all properties refurbished to a high standard, enabling all properties to be let on completion.

Construction of the speculative industrial development at Inchmuir Park, Bathgate continues to progress well. Completion is still due in mid-2026, and it is too early to gauge the level of tenant interest.

The value of our commercial property portfolio has increased substantially, due to both rental growth and an improvement in investment yields. Lettings of our industrial stock continue to improve as does rental growth. Our office properties do not show the same rate of rental growth and lettings continue, albeit at a slower pace.

A start was made just prior to the financial year end at our residential development at Primrose Lane, Rosyth. The development will provide 107 residential units for private sale and 36 residential units as the obligatory Affordable Housing element. This development is predominantly for detached and semi-detached homes, a sector of the housing market we have not dealt in for a number of years. Major infrastructure works on the site are nearly complete and construction of the first phase of units for private sale, 16 houses in total, is well underway. First completions will not be until mid-2026, with sales marketing not due to commence until the New Year. Negotiations are on-going for the Affordable Housing element with a Local Registered Social Landlord, and we are hopeful this contract may start in mid-2026.

FUTURE PROSPECTS

We have less work in hand in our own private housing than we did last year.

Apart from the contract mentioned above at Primrose Lane, Rosyth, there are no real prospects of further external contract work at present. The long awaited Housing (Scotland) Bill has finally been passed and we are hopeful we will be able to bring forward one of our potential residential developments for new build private rent.

We will provide further detail in our Interim Report on two substantial industrial developments that both transacted after the financial year end. One is through another Joint Venture and the other is a site acquisition.

There will be private housing sales this year, but not as many as the reported year and margins will be affected due to the reasons outlined above.

Letting and rental levels in our commercial property portfolio will remain steady. Rental growth will occur in our industrial properties, although not at such a marked rate as this year. It is difficult to predict whether investment yields will decline or increase, but we expect our property values to remain at least static in the current financial year.

Work on our Sustainability Strategy progresses through the Sustainability Committee and the continued alignment with the Task Force on Climate-Related Financial Disclosures (TCFD). We aim to be a leading developer/contractor for low carbon and climate resilient developments by setting ambitious strategic objectives across the Group's property development, construction and internal operations at the Head Office. My continued thanks go to all on the Sustainability Committee, all employees involved in sustainability matters and our consultant, Beyond Green.

It remains to be seen what impact the impending Budget will have on the economy and consumer confidence, which is already at a low.

At this stage it is uncertain as to whether there will be a headline profit for the year to 31st July 2026.

It is with considerable regret and sadness that I pay tribute to Brian Sharp who passed away in July this year after a brave battle with cancer. Brian served your Company for just under fourteen years and worked diligently as an Architectural Technologist. Not only was he a valued colleague to all at the Company, but also a true friend to many. Our thoughts continue to be with his friends and dear family.

DAVID W SMART

20th November 2025

PERFORMANCE REVIEW**Construction activities**

	2025 £000	2024 £000
Revenue	16,354	14,350
Operating loss	(3,097)	(3,968)

Construction revenue in the year has increased overall due to the progress of contracts in the year and number of private house sales in the year.

Work has continued in the year on the social housing contract at our Clovenstone development, being the 24 flats for Prospect Community Housing and was completed in October 2025 and handed over to the housing association. The work on the private housing at this development has also progressed throughout the year and was completed in November 2025. The sale of all 45 flats have either occurred in the year or are due to conclude by the end of November 2025. All the flats have been sold in 3 tranches to various social housing providers. For both the social housing and private housing elements at this site the Directors considered the carrying value of the contract asset and inventory balances in the financial statements and made required provisions against both amounts.

Sales continue to be made at our private housing development at Canal View, Winchburgh but not at the levels we had anticipated this being due to continuing uncertainties in the housing market. In the year to 31st July 2025 we sold 21 properties, giving a total sold of 46 as at 31st July 2025 out of a total of 64 dwellings in the development. Post year end we have sold a further 3 dwellings with a further 4 reserved. Due to the reduced sales prices and incentives introduced in previous years and the duration of time since the completion of this housing development, the Directors considered the carrying value of the inventory balance at the year end and made a required provision against the balance.

The work for a third party for a commercial and industrial property was finished in the year and handed over to the customer.

Our civil engineering subsidiary, Thomas Menzies (Builders) Limited, has seen a decrease in revenue of £1,163,000 being a decrease of 25% this is due to a lack of work. The level of revenue generated by this subsidiary is insufficient to cover its overheads and therefore a significant loss was suffered by this company.

Full details of construction revenue is given in note 3 of the financial statements.

Construction material costs continue to remain high for various reasons, including global unrest, inflation rate increases and the overall demand for goods and services causing increases in material and labour costs. The Group continues to monitor costs on construction contracts, with the finance and surveyor teams liaising to ensure accurate recording of cost to contracts and monitoring of actual costs against anticipated costs and anticipated revenue to ensure projects remain on course and reviewing the impact on future costs to complete contracts. The Directors continue to fully appraise contracts, at various stages, prior to acceptance to ascertain the likely outcome of the contract. These appraisals are conducted prior to land bank acquisitions, commencement of construction and then during the lifetime of the contract to its completion.

Overheads continue to remain relatively constant in nature over time, however they have increased in monetary terms due to inflationary increases. The Directors do continue to monitor these with a view to achieving any savings on costs where possible. With our revenue levels the recoverability of overhead is difficult.

The increased material construction costs together with increased labour costs has resulted in margins being reduced and the impact on the recoverability of overheads incurred by the Group has resulted in the operating loss incurred in the year.

Investment activities

	2025 £000	2024 £000
Revenue from investment properties	6,886	7,670
Net surplus on valuation of investment properties	5,816	994

Loss on sale of investment properties	(49)	-
Operating profit from investment properties	8,345	4,634
Income from financial assets	43	49
Loss on sale of financial assets	(6)	(123)
Net surplus on valuation of financial assets	186	123
Share of profit in Joint Ventures	48	320

Overall revenue for investment properties has decreased in the year by 10%. Rental income has decreased by 6% which is mainly due to loss of rent at the properties at Bellshill and Cardonald which were sold in at the start of the financial year. There has been rental growth throughout the portfolio, mainly within our industrial properties, which has mitigated the loss of rent from the properties sold and other vacancies which occurred in the year.

Throughout the year, as expected there have been movements of tenants in and out of properties but overall occupancy levels have remained fairly static. Recoverability of rental income continues to remain high and the Group has suffered little in the way of defaulting tenants.

Income from service charges and insurance receivable varies from year to year depending on actual expenditure incurred in the year, overall in the year there has been a decrease of 30% in this income.

The sale of the two investment properties in the year at Bellshill and Cardonald, which at 31st July 2024 had been transferred to Assets held for sale, resulted in a loss of £49,000 being recognised

This year the Group has earned a surplus on the revaluation of investment property portfolio of £5,816,000, due to combined improvement in yields and increased rental.

Although there has been a significant increase in operating profit compared to the previous year this is due to the large surplus on revaluation of investment property portfolio, if this was to be excluded then the Group has earned an operating profit of £2,529,000 compared to £3,640,000. This decrease is due to the decrease in revenue of £784,000 and an increase in costs mainly around non-domestic rates which the subsidiary C. & W. Assets Limited has to pay on all vacant properties following the removal of the relief for vacant listed building properties.

Work commenced in the year on a new speculative industrial development at Whitehill Industrial Estate, Bathgate consisting of four terraces of industrial units of 14,657 square feet each. Completion of the development will occur in the current financial year.

Income from our financial assets has decreased from that of the previous year. There were a number of acquisitions in the year to our portfolio of financial assets along with a number of disposals on which the Group suffered a loss of £6,000. Improvements in the world financial markets resulted in a surplus of £186,000 on the fair value of our financial assets being recorded this year.

The share of the results in our Joint Ventures is a profit of £48,000 which is significantly less than that of the previous year but in that year there was a profit recognised on the sale of investment properties held by Gartcosh Estates LLP.

Group results and financial position

	2025	2024
	£000	£000
Profit before tax	5,112	2,365
Net bank position	14,980	7,552
Total assets	158,335	146,498
Net assets	130,603	126,313

Overall the Group has earned a profit before tax in the year which has significantly increased due to the impact of the surplus on revaluation of the investment properties earned this year as opposed that of the previous year. However, if the surplus on the revaluation of investment properties and financial assets are excluded then the profit before tax is £866,000 compared to £1,248,000 in the previous year, as detailed in note 6

Construction activities continue to suffer operating losses but the level suffered this year has fallen. The profit earned in investing activities has fallen due to loss of rental income and increased cost including the increased cost

earned in investing activities has fallen due to loss of rental income and increased cost including the increased cost of rates of vacant property rates.

Our net bank position, which comprises monies held on deposit, cash and cash equivalents and the netting of our bank overdraft has increased in the year. This is due to the cash inflow from the sale of the investment properties at the start of the financial year, we have incurred various other inflows and outflows relating to sale proceeds from sales of our private housing and expenditure on construction activities on housing and investment properties for the Group property portfolio. We also, provided loan financing to our new joint venture in the year to allow it to acquire and refurbish the properties in St Andrews, Fife. Overall, the Group continues to be net debt-free.

The Group's net assets have increased by £4,290,000, the main impact being the profits earned in the year, the movement in the Group's pension scheme surplus of £2,744,000. The accounting for share buy backs and dividends paid to shareholders in the year also impact on the net assets.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties faced by the Group and the mitigating factors taken by the Group against these risks are detailed below. The principal risks noted below are not all of the risks faced by the Group but are those risks which the Group perceives as those which could have a significant impact on the Group's performance and future prospects.

Area of principal risk or uncertainty and impact	Mitigating actions and controls
By focusing external construction activities in the social housing sector, which is a competitive market, failure to win new contracts would impact on our volume of work and therefore the workforce required by the Group.	<ul style="list-style-type: none">• Maintain long-term relationships with social housing providers, resulting from high standards of service, quality and post construction care thus giving the Group an advantage over other builders when contracts are awarded on criteria other than cost only.• Identify potential build sites or include the provider within private housing developments in relation to the element of affordable housing required.• When workload is reduced workforce can be diverted to the Group's own commercial and private residential developments.• Continue to acquire land for development for either private housing developments or for resale to social housing providers as part of a construction contract.• Develop new areas of construction activities.• Develop new joint venture opportunities.
Decline in home buyer confidence, due to bank interest rates availability of affordable	<ul style="list-style-type: none">• Building developments in popular residential areas.• Building high quality specification homes with attention to detail

rates, availability of affordable mortgages and cost of living crisis resulting in stalling of private house sales.

which sets them apart from other new build homes and therefore makes them more attractive to buyers.

- Building a range of homes within a development thus providing choice to buyers.
- Programming commencement of new build housing projects to market conditions.
- Providing sales incentives.
- Considering the letting of built homes at market rates.

Social housing sector and the housing market in general is highly competitive with tight margins.

- We are an 'all trades' contractor who employs our own personnel in all basic building trades who are supervised by site agents who are long serving employees of the Group and who have been promoted through their trades, thus ensuring control of labour costs on contracts.
- We have invested heavily in plant and the maintenance thereof and therefore limit our costs on contracts by utilising own plant as opposed to incurring higher costs of hiring plant.
- Subcontractors employed by the Group are specialists in their fields and in the main subcontractors have previously been used by the Group therefore quality of work and reliability is known.
- In house architectural technicians and surveyors provide pre-contract design advice to resolve potential technical problems with the build and therefore potential costs.
- Detailed appraisals of contract pre-land acquisition and pre-construction.

Reduction in rental demand for investment properties may result in a fall in property valuations.

- Only commence speculative developments after careful assessment of the market.
- Continue to invest in property sectors which are robust.
- Restricting our operations to the central belt of Scotland being the area of the country with which we are most familiar.
- Continually maintain and refurbish existing properties to retain existing tenants and attract new tenants and improvements to our properties for improved economic and climate efficiencies.
- Provide necessary financial incentives to retain existing tenants at end of current leases and attract new tenants.

Reduction in demand for UK real estate from investors may result in a fall in valuations within our investment property portfolio, this could result in delays in investment decisions which could impact on our activities.

- The Directors regularly review the property market to ascertain if changes in the overall market present specific risks or opportunities to the Group.
- Restricting our operations to the central belt of Scotland being the area of the country with which we are most familiar.

Political events and policies result in uncertainty until final decisions have been made and the impact of decisions are known, this could result in delays in investment decisions which could impact on our activities. Including Local Government processes slowing down our ability to commence new building projects.

- Before any decisions are taken by the Directors in any area of the Group's activities the level of uncertainty and range of potential outcomes arising from political events and policies are considered.
- Monitor Government guidelines and new legislations announcements to ensure the Group remains up to date with legislation.
- Continue to pursue contacts at Local Government to obtain necessary consents and planning approval.

Reduction of financial resources.

- Ensure resources are not over committed and only undertake commercial and private housing developments after due consideration of the financial impact on the Group's financial resources.
- Build up resources to ensure the Group has sufficient finance for working capital requirements and financing of commercial and private housing developments.
- Spread cash reserves over several banks taking account of the strength of the bank and interest rates attainable.
- Invest resources in equities also taking account of the security of the investment and the yields attainable.

Failure to evolve business practices and operations in response to climate change.

- Continue to monitor all requirements relating to the construction industry in relation to improvements in buildings to ensure they comply with current and emerging requirements.
- Review of designs for new buildings to ensure they are as energy efficient as possible.
- Procurement of building materials from sustainable sources.
- Investment in energy saving measures within our investment property portfolio.
- Establishment of Sustainability Committee to develop the Group's sustainability strategy with the commitment to reduce the Group's carbon emissions in line with science-based carbon reduction targets.
- Employ the services of external specialists and consultants for their expertise.

Unforeseen national and global events including world conflicts

- Establish strong relationships with suppliers and subcontractors to ascertain impact on their potential supply chains.

and natural disasters.

- Build up financial resources to ensure the Group has sufficient funds for future working capital requirements.
- Establish continuity plans for all areas of operations.

Impact of cost of living crisis, increased inflation and bank interest rates.

- Retain strong control over costs on construction contracts.
- Remunerate onsite and office based employees with competitive rates of pay and benefits.

Emerging Risks

The Group faces a number of emerging risks which could have a significant impact on the Group's performance and future prospects. These risks are discussed by the Directors and appropriate actions taken to mitigate these risks as soon as they are considered to be a principal risk of the Group.

CONSOLIDATED INCOME STATEMENT for the year ended 31st July 2025

	Notes	2025 £000	2024 £000
REVENUE	3	23,240	22,020
Cost of sales		<u>(18,910)</u>	<u>(17,993)</u>
GROSS PROFIT		4,330	4,027
Other operating income	4	83	163
Administrative expenses		<u>(4,932)</u>	<u>(4,518)</u>
OPERATING LOSS BEFORE LOSS ON SALE OF INVESTMENT PROPERTIES AND NET SURPLUS ON VALUATION OF INVESTMENT PROPERTIES		(519)	(328)
Loss on sale of investment properties		(49)	-
Net surplus on valuation of investment properties		<u>5,816</u>	<u>994</u>
OPERATING PROFIT		5,248	666
Share of profit in Joint Ventures		48	320
Income from financial assets		43	49
Loss on sale of financial assets		(6)	(123)
Net surplus on valuation of financial assets		186	123
Finance income		1,361	1,346
Finance costs		<u>(12)</u>	<u>(16)</u>
PROFIT BEFORE TAX	6	6,868	2,365
Taxation	5	<u>(1,756)</u>	<u>(692)</u>
PROFIT FOR YEAR ATTRIBUTABLE TO EQUITY SHAREHOLDERS		5,112	1,673
EARNINGS PER SHARE			
Basic and diluted	8	<u>13.07p</u>	<u>4.22p</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the year ended 31st July 2025

	2025 £000	2024 £000
PROFIT FOR YEAR	5,112	1,673
OTHER COMPREHENSIVE INCOME		

OTHER COMPREHENSIVE INCOME

Items that will not be subsequently reclassified to Income

Statement:

Remeasurement gains on defined benefit pension scheme	1,464	1,802
Deferred taxation on remeasurement gains on defined benefit pension scheme	(366)	(450)
TOTAL ITEMS THAT WILL NOT BE SUBSEQUENTLY RECLASSIFIED TO INCOME STATEMENT	1,098	1,352
TOTAL OTHER COMPREHENSIVE INCOME	1,098	1,352
TOTAL COMPREHENSIVE INCOME FOR YEAR, NET OF TAX	6,210	3,025
ATTRIBUTABLE TO EQUITY SHAREHOLDERS	6,210	3,025

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as at 31st July 2025

	Share Capital £000	Capital Redemption Reserve £000	Retained Earnings £000	Total £000
As at 1st August 2023	802	206	124,459	125,467
Profit for year	-	-	1,673	1,673
Other comprehensive income	-	-	1,352	1,352
TOTAL COMPREHENSIVE INCOME FOR YEAR	-	-	3,025	3,025

TRANSACTIONS WITH OWNERS, RECORDED DIRECTLY IN EQUITY

Shares purchased and cancelled	(13)	-	(889)	(902)
Transfer to Capital Redemption Reserve	-	13	(13)	-
Dividends	-	-	(1,277)	(1,277)
TOTAL TRANSACTIONS WITH OWNERS	(13)	13	(2,179)	(2,179)

As at 31st July 2024

	Share Capital £000	Capital Redemption Reserve £000	Retained Earnings £000	Total £000
Profit for year	-	-	5,112	5,112
Other comprehensive income	-	-	1,098	1,098
TOTAL COMPREHENSIVE INCOME FOR YEAR	-	-	6,210	6,210

TRANSACTIONS WITH OWNERS, RECORDED DIRECTLY IN EQUITY

Shares purchased and cancelled	(10)	-	(646)	(656)
Transfer to Capital Redemption Reserve	-	10	(10)	-
Dividends	-	-	(1,264)	(1,264)
TOTAL TRANSACTIONS WITH OWNERS	(10)	10	(1,920)	(1,920)

As at 31st July 2025

	Share Capital £000	Capital Redemption Reserve £000	Retained Earnings £000	Total £000
	779	229	129,595	130,603

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31st July 2025

	Notes	2025 £000	2024 £000
NON-CURRENT ASSETS			
Property, plant and equipment		3,026	2,743
Investment properties	9	79,401	70,038
Investments in Joint Ventures		113	65
Financial assets		1,693	1,032
Trade and other receivables		2,155	-
Retirement benefit surplus		25,784	23,040
Deferred tax assets		211	54
		112,383	96,972
CURRENT ASSETS			
Assets held for sale		-	14,199
Inventories		16,408	18,710
Contract assets		455	944
Corporation tax asset		700	255
Trade and other receivables		2,570	2,435
Monies held on deposit		53	51
Cash and cash equivalents		25,766	12,932
		45,952	49,526

TOTAL ASSETS	158,335	146,498
NON-CURRENT LIABILITIES		
Deferred tax liabilities	12,107	9,828
Lease liabilities	212	212
	12,319	10,040
CURRENT LIABILITIES		
Trade and other payables	4,573	4,713
Lease liabilities	1	1
Bank overdraft	10,839	5,431
	15,413	10,145
TOTAL LIABILITIES	27,732	20,185
NET ASSETS	130,603	126,313
EQUITY		
Called up share capital	779	789
Capital redemption reserve	229	219
Retained earnings	129,595	125,305
TOTAL EQUITY	130,603	126,313

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31st July 2025

	2025 £000	2024 £000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit after tax	5,112	1,673
Tax charge for year	1,756	692
Profit before tax	6,868	2,365
<i>Adjustments for:</i>		
Share of profits from Joint Ventures	(48)	(320)
Depreciation	590	455
Unrealised surplus on valuation of investment properties	(5,816)	(994)
Loss on sale of investment properties	49	-
Unrealised surplus on valuation of financial assets	(186)	(123)
Profit on sale of property, plant and equipment	(83)	(114)
Loss on sale of financial assets	6	123
Change in retirement benefits	(123)	(154)
Interest received	(1,361)	(1,346)
Interest paid	12	16
Change in inventories	2,302	(950)
Change in contract assets	489	(911)
Change in receivables	(135)	(180)
Change in payables	(140)	1,801
CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	2,424	(332)
Tax paid	(445)	(178)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	1,979	(510)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(897)	(1,554)
Additions to investment properties	(183)	(81)
Expenditure on own work capitalised - investment properties	(3,364)	(1,765)
Proceeds of sale of property, plant and equipment	107	-
		132
Proceeds of sale on investment properties	14,150	-
Purchase of financial assets	(518)	(51)
Proceeds of sale of financial assets	37	-

Monies held on deposit	(2)	244
Interest received	204	357
Interest paid	-	(4)
Loan (to)/repaid from Joint Venture	(2,155)	3,010
Return of capital contribution to Joint Ventures	-	1,040
Dividend received from Joint Venture	-	-
	711	
NET CASH INFLOW FROM INVESTING ACTIVITIES	7,379	2,037
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest costs on leases	(12)	(12)
Purchase of own shares	(656)	(902)
Dividends paid	(1,264)	(1,277)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	(1,932)	(2,191)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	7,426	(664)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	7,501	8,165
CASH AND CASH EQUIVALENTS AT END OF YEAR	14,927	7,501

1. ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES

GENERAL INFORMATION

J. Smart & Co. (Contractors) PLC which is the ultimate Parent Company of the J. Smart & Co. (Contractors) PLC Group is a public limited company registered in Scotland, incorporated in the United Kingdom and listed on the London Stock Exchange.

BASIS OF PREPARATION

The financial information in this announcement has been extracted from the Group's Annual Report and Statement of Accounts for the year to 31st July 2025 and is prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with UK adopted international accounting standards. Whilst the financial information included in this preliminary announcement has been computed in accordance with International Financial Reporting Standards (IFRS), this announcement does not itself contain sufficient information to comply with IFRS and the financial information set out does not constitute the Company or Groups statutory accounts for the years to 31st July 2025 or 31st July 2024.

The statutory consolidated accounts for the year to 31st July 2025 have been reported on by the Independent Auditor, their report was unqualified and did not draw attention to any matters by way of emphasis and it does not contain a statement under S498 (2) or S498 (3) of the Companies Act 2006. The statutory consolidated accounts for the year to 31st July 2025 will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

The financial information for the year to 31st July 2024 is derived from the statutory accounts for that year which were submitted to the Registrar of Companies and upon which the Company's auditor provided an unqualified audit report. The audit report did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report and did not contain a statement under S498 (2) or S498 (3) of the Companies Act 2006.

STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS EFFECTIVE IN THE YEAR TO 31st JULY 2025

The following new standards and amendments to standards and interpretations relevant to the Group have been issued by the International Accounting Standards Board and are mandatory for the first time for the financial year to 31st July 2025:

- IAS 1 (amended): Presentation of Financial Statements

The above standard has had no significant impact on the Company's financial statements other than regarding disclosures to be made in the financial statements.

NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS NOT YET APPLIED

There have been no new standards, amendments to standards and interpretations relevant to the Company that have been issued by the International Accounting Standards Board but are not yet effective for the Company at the date of these financial statements.

IFRS 18: Presentation and Disclosures in Financial Statements is replacing IAS 1: Presentation of Financial Statements and will be effective for the Company as from the accounting year ending 31st July 2028. This

standard will result in significant changes to the presentation of the Income Statement and the reporting of financial performance. The impact of this Standard is still being assessed and it is not yet practical to quantify the effect it will have on the financial statements.

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention except where the measurement of balances at fair value is required as noted below for investment properties, financial assets and assets held by the defined benefit pension scheme.

The accounting policies set out below have been consistently applied to all periods presented in these financial statements.

The preparation of financial statements requires management to make estimates and assumptions concerning the future that may affect the application of accounting policies and the reported amounts of assets and liabilities and income and expenses. Management believes that the estimates and assumptions used in the preparation of these financial statements are reasonable. However, actual outcomes may differ from those anticipated.

GOING CONCERN

The financial statements have been prepared on a going concern basis. The Directors have prepared a number of cashflows scenarios taking account of future trading activities around construction projects in hand and anticipated projects, land acquisitions, rental income, investment property acquisitions and disposals and other capital expenditure. In each scenario reviewed by the Directors the Group remains cash positive with no reliance on external funding and therefore remains net debt-free. The net assets of the Group are £130,603,000 at 31st July 2025 and the Group's net current assets amount to £30,539,000. The Directors have also taken account of the impact of climate changes on the activities of the Group. Taking all of the information the Directors currently have they are of the opinion that the Company and Group are well placed to manage their financial and business risks and have a reasonable expectation that the Company and Group have adequate financial resources to continue in operational existence for a period of at least twelve months from the date of approval of these financial statements and therefore consider the adoption of the going concern basis as appropriate for the preparation of these financial statements.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

ACCOUNTING ESTIMATES

INVESTMENT PROPERTIES

Investment properties are revalued annually by the Directors in accordance with the RICS Valuation Standards. The valuations are subjective due to, among other factors, the individual nature of the property, its location and the expected future rental income. As a result, the valuation of the Group's investment property portfolio incorporated into the financial statements is subject to a degree of uncertainty and is made on the basis of assumptions which may prove to be inaccurate, particularly in periods of volatility or low transaction flow in the property market. The Directors have requested a third party external valuer to value the Group's investment property portfolio. The valuations prepared by the Director and the external valuers are compared to ensure that there are no material variations between the valuations.

The assumptions used by the Directors are market standard assumptions in accordance with the RICS Valuation Standards and include matters such as tenure and tenancy details, ground conditions of the properties and their structural conditions, prevailing market yields and comparable market conditions. If any of the assumptions used by the Directors prove to be incorrect this could result in the valuation of the Group's investment property portfolio differing from the valuation incorporated into the financial statements and the difference could have a material effect on the financial statements.

RETIREMENT BENEFIT OBLIGATION

The valuation of the retirement benefit obligation is dependent upon a series of assumptions, mainly discount rates, mortality rates, investment returns, salary inflation and the rate of pension increases, which are determined after taking expert advice from the Group's Actuary. If different assumptions were used then this could materially affect the results disclosed in the financial statements.

ACCOUNTING JUDGEMENTS

CASH AND CASH EQUIVALENTS

As the Group has a pooling arrangement with its bankers and the bank has been granted guarantees and letters of offset by certain members of the Group in favour of the bank on account of all these members as continuing security for all monies, obligations and liabilities owing or incurred to the bank then, for the purposes of the Statement of Cash Flows and the calculation of cash and cash equivalents, the bank overdraft is netted against positive bank balances. The Directors consider the bank balances whether positive or negative to be part of the Group's ordinary working capital cycle. In accordance with IAS 7: Statement of Cash Flows, the Directors deem the bank overdraft to be cash and cash equivalents and not borrowings as this balance is being used for working capital and other trading activities. Overall the Group is not allowed to be in an overdrawn bank position in the pooling arrangement, however individual companies within the arrangement may have an overdrawn bank balance. The Group and Company present positive and negative bank balances separately on the face of the Statement of Financial Position and do not offset these balances for presentation purposes. Companies not in the pooling arrangement do not have an overdraft facility and therefore their bank balances cannot be overdrawn. Note 22 of the financial statements details the cash and cash equivalent calculation for the Consolidated and Company Statement of Cash Flows.

RECOVERABILITY OF WORK IN PROGRESS

The Group takes account of all anticipated losses on work in progress contacts at the year end and therefore considers that the value of work in progress included in the financial statements is recoverable.

DEFINED BENEFIT RETIREMENT PENSION SCHEME SURPLUS

The Group has concluded that the trust deed relating to the defined benefit retirement pension scheme grants the unconditional right to any surplus of the scheme on the full settlement of the scheme liabilities to the Group and therefore has concluded that any surplus on the scheme can be incorporated into the Group and Company financial statements. Advice on the Group's right to a surplus arising on the pension scheme was sought in the year to 31st July 2022 from a firm of lawyers who specialise in this area. Their advice was that the Group had an unconditional right to the surplus based on the original Trust Deed and Deed of Variation and therefore the full surplus arising on the calculation thereof under IAS 19 (amended): Employee Benefits should be accounted for in the financial statements.

2. SEGMENTAL INFORMATION

IFRS 8: Operating Segments requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision maker to allow the allocation of resources to the segments and to assess their performance. The chief operating decision maker has been identified as the Board of Directors. The chief operating decision maker has identified two distinct areas of activities in the Group being construction activities and investment property activities.

All revenue from construction and investment property arises from activities within the UK and therefore the Board of Directors does not consider the business from a geographical perspective. The operating segments are based on activity and performance of an operating segment is based on a measure of operating results.

	Revenue 2025 £000	Revenue 2024 £000	Operating Profit/(Loss) 2025 £000	Operating Profit/(Loss) 2024 £000
Construction activities	16,354	14,350	(3,097)	(3,968)
Investment property activities	6,886	7,670	8,345	4,634
	<u>23,240</u>	<u>22,020</u>	<u>5,248</u>	<u>666</u>
Share of results in Joint Ventures			48	320
Finance and investment income			1,590	1,518
Finance and investment costs			(18)	(139)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX			6,868	2,365

The Group had sales from construction activities from one customer amounting to £1,945,000 (2024, sales from construction activities from two customers amounting to £4,269,000 and £1,671,000 respectively).

OTHER SEGMENTAL INFORMATION

	Non-Current Asset Additions £000	Depreciation £000	Segment Assets £000	Segment Liabilities £000
2025				
Construction activities	897	544	52,451	20,646
Investment property activities	3,547	46	106,588	7,903
Joint Ventures	-	-	113	-
			159,152	28,549
Allocation of corporation tax creditor			(817)	(817)
			158,335	27,732
2024				
Construction activities	1,554	409	49,959	14,898
Investment property activities	1,854	46	97,562	6,375
Joint Ventures	-	-	65	-
			147,586	21,273
Allocation of corporation tax creditor			(1,088)	(1,088)
			146,498	20,185

3. REVENUE

The Group derives its revenue from contracts with customers for the transfer of goods over time in relation to construction contracts and also at point in time in relation to housing sales. This is consistent with the revenue information that is disclosed for Construction Activities segment under IFRS 8: Operating Segments. Construction contracts are generally for social housing or industrial and commercial properties. The Group provides a complete service including architectural and surveyor services from the pre-contract design through to completion.

	2025 £000	2024 £000
Disaggregation of Revenue		
Construction activities		
Social housing	1,945	1,617
Civil engineering	3,482	4,646
Industrial	60	2,079
Commercial	2,081	2,232
General construction	35	59
Private house sales	8,751	3,717
	16,354	14,350
Investment property activities		
Rental income	5,958	6,366
Service charges and insurance receivable	913	1,299
Sundry income	15	5
	6,886	7,670
Total Revenue	23,240	22,020

The transaction price allocated to unsatisfied performance obligations in respect of construction activities as at 31st July 2025 are as set out below:

Social housing	1,102	2,509
Civil engineering	359	604
Industrial	-	59
Commercial	-	734

The Directors expect that 100% (2024, 91%) of the transaction price allocated to the unsatisfied contracts as at 31st July 2025 will be recognised as revenue in the year to 31st July 2026.

The Group does not include in Revenue the value of work done in the year which relates to own work capitalised on the Group's Investment Properties, in the year to 31st July 2025 amounting to £3,364,000 (2024, £1,765,000).

4. OTHER OPERATING INCOME

2025 £000	2024 £000
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Profit on disposal of property, plant and equipment	83	114
Other income	-	49
	<u>83</u>	<u>163</u>

5. TAXATION

	2025 £000	2024 £000
UK Corporation Tax		
Current tax on income for the year	-	225
Corporation tax under provided in previous years	-	(28)
	-	197
Deferred taxation (note 25)	1,756	495
	<u>1,756</u>	<u>692</u>
Current Tax Reconciliation		
Profit on ordinary activities before tax	6,868	2,365
Share of profit of Joint Ventures	(48)	(320)
	<u>6,820</u>	<u>2,045</u>
Current tax at 25.00% (2024, 25.00%)	1,705	511
Effects of:		
Expenses not deductible for tax purposes	144	440
Non-taxable income including revaluation surplus	(55)	(621)
Chargeable gains	-	380
Effect of change in tax rate	-	-
Adjustment to corporation tax charge in respect of prior years	-	(28)
Adjustment to deferred tax charge in respect of prior years	-	5
Deferred tax not recognised	(38)	5
	<u>1,756</u>	<u>692</u>

The Finance (No 2) Act 2024, which received Royal assent on 24th May 2024, states that the corporation tax rate for the financial year commencing 1st April 2024 is 25% and The Finance Act 2025, which received Royal assent on 20th March 2025, states that the corporation tax rate for the financial year commencing 1st April 2025 is 25%.

Deferred tax provisions have been calculated using the 25% rate.

In addition to amounts charged to the Consolidated Income Statement, a deferred tax charge of £366,000 (2024, £450,000) relating to actuarial gains on the defined benefit pension scheme has been recognised in the Consolidated Statement of Comprehensive Income.

There are no income tax consequences attached to dividends paid or proposed by the Company to its shareholders.

6. PROFIT BEFORE TAX FOR THE FINANCIAL YEAR

The Group uses underlying profit before tax as an alternative performance measure, which is the profit before tax excluding net surplus or deficit on valuation of investment properties and financial assets accounted for through the Income Statement. As the net surplus or deficit on valuation of investment properties and financial assets can fluctuate from year to year and is not a realised surplus or deficit by excluding this amount, the Directors consider that a truer reflection of actual Group performance is obtained. Analysis of this alternative performance measure is as follows:

	2025 £000	2024 £000
Profit before tax		
Surplus on valuation of investment properties	6,868	2,365
Surplus on valuation of financial assets	(5,816)	(994)
	<u>(186)</u>	<u>(123)</u>
	<u>866</u>	<u>1,248</u>

7. DIVIDENDS

	2025 £000	2024 £000
2023 Final Dividend of 2.27p per share	-	898
2024 Interim Dividend of 0.96p per share	-	379
2024 Final Dividend of 2.27p per share	889	-
2025 Interim Dividend of 0.96p per share	375	-
	<hr/>	<hr/>
	1,264	1,277

The Board is proposing a Final Dividend of 2.29p per share (2024, 2.27p) which will cost the Company no more than £890,000.

The proposed Final Dividend is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

8. EARNINGS PER SHARE

	2025	2024
Profit attributable to Equity shareholders £000	5,112	1,673
Basic earnings per share	<u>13.07p</u>	<u>4.22p</u>

Basic earnings per share are calculated by dividing the profit attributable to equity shareholders by the weighted average number of shares in issue during the year.

The weighted average number of shares for the year to 31st July 2025 amounted to 39,111,000 (2024, 39,608,000). There is no difference between basic and diluted earnings per share.

9. INVESTMENT PROPERTIES

	Land and buildings Freehold £000	Land and buildings Leasehold £000	Right-of-use Asset £000	Total £000
Cost or valuation:				
At 1st August 2024	60,426	9,399	213	70,038
Additions	3,547	-	-	3,547
Surplus on valuation	4,466	1,350	-	5,816
At 31st July 2025	<hr/>	<hr/>	<hr/>	<hr/>
	68,439	10,749	213	79,401

	Land and buildings Freehold £000	Land and buildings Leasehold £000	Right-of-use Asset £000	Total £000
Cost or valuation:				
At 1st August 2023	71,991	9,185	213	81,389
Additions	1,846	-	-	1,846
Transfer from Property, Plant and Equipment	8	-	-	8
Transfer to Assets Held for Sale	(14,199)	-	-	(14,199)
Surplus on valuation	780	214	-	994
At 31st July 2024	<hr/>	<hr/>	<hr/>	<hr/>
	60,426	9,399	213	70,038

Right-of-use Asset relates to a ground lease on which the Group has built investment properties. The rent

paid by the Group to the lessor for the ground is a set annual rent and is not contingent on rents received by the Group from tenants and therefore the lease falls within the definition of IFRS 16: Leases.

Valuation Process

The Group's investment properties are valued by David W Smart, MRICS, who is a Director of the Parent Company, on the basis of fair value, in accordance with the RICS Valuation - Global Standards 2017, incorporating the International Valuations Standards, and RICS Professional Standards UK January 2014 (revised April 2015). The Directors also requested a third party external valuer to value the Group's investment property portfolio. The valuations prepared by the Director and the external valuers are compared to ensure that there are no variations outside of acceptable valuation differences.

Investment properties, excluding ongoing developments, are valued using the investment method of valuation. This approach involves applying capitalisation yields to current and estimated future rental streams and then allowing for voids arising from vacancies and rent free periods and associated running costs. The capitalisation yields and rental values are based on comparable property and leasing transactions in the market, using the valuers' professional judgement and market observations. Other factors taken into account in the valuations include the tenure of the property, tenancy details and ground and structural conditions.

In the case of ongoing developments, the approach applied is the residual method of valuation, which is the same as the investment method, as described above, with a deduction for all costs necessary to complete the development, together with a further allowance for remaining risk.

In accordance with IAS 40: Investment Property, net annual surpluses or deficits are taken to the Income Statement and no depreciation is provided in respect of these properties.

The Group considers all of its investment properties fall within 'Level 3' of the fair value hierarchy as described by IFRS 13: Fair Value Measurement. Level 3 valuations are those using inputs for the asset or liability that are not based on observable market data. The main unobservable inputs relate to estimated rental value and equivalent yield. There have been no transfers of properties in the fair value hierarchy in the financial year.

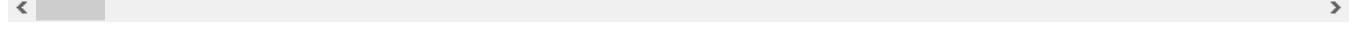
The table below summarises the key unobservable inputs used in the valuation of the Group's Freehold and Leasehold investment properties:

	£000	Estimated Rental Value £ per sq ft			Equivalent Yield %		
		Low	Average	High	Low	Average	High
Fair Value at 31st July 2025							
Investment							
Commercial	21,080	11.00	17.50	24.00	8.27	10.35	13.50
Industrial	58,108	4.75	8.87	13.00	7.00	8.98	10.09
Fair Value at 31st July 2024							
Investment							
Commercial	21,136	11.00	16.70	22.40	8.50	10.19	13.39
Industrial	48,689	4.75	7.82	10.89	6.55	9.07	10.97

The following table illustrates the impact of changes in the key unobservable inputs (in isolation) on the fair value of the Group's Freehold and Leasehold investment properties:

	£000	5% change in estimated rental value		25bps change in equivalent yield	
		Increase	Decrease	Decrease	Increase
		£000	£000	£000	£000
Fair Value at 31st July 2025					
Investment					
Commercial	21,080	1,133	(1,133)	609	(578)
Industrial	58,108	2,857	(2,857)	1,974	(1,847)
Fair Value at 31st July 2024					
Investment					
Commercial	21,136	1,130	(1,130)	609	(578)
Industrial	48,689	2,516	(2,516)	1,665	(1,619)

The Group had commitments of £nil (2024, £nil) in respect of future developments and repair costs of investment properties at the Statement of Financial Position date.



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