

SAMUEL HEATH & SONS plc
(“Samuel Heath” or “the Company”)

UNAUDITED HALF-YEAR REPORT

Half year ended 30 September 2025

CHAIR'S STATEMENT

For the half year ended 30 September 2025, sales came in at £7.69m representing an increase of £147k (1.9%) compared to the six months ended 30 September 2024. However, the order intake has been below budget since June 2025 which will affect trading in the second half of the year (as discussed below). Operating profit was £489k compared to £481k in the six months to 30 September 2024, an £8k increase.

The increase in national insurance contributions and minimum wage affect a labour-intensive business like ours considerably, but we are pleased to have increased profit before tax by £103k to £542k (£439k six months to 30 September 2024) during the first half of this year. Tariffs on our sales to the USA are reflected in our turnover, however this cost has been fully passed on to our customers.

Cash and cash equivalents at 30 September 2025 increased by £454k to £2.62m, from £2.17m as at 31 March 2025. Working capital was largely unchanged overall, although management of stock reduced inventory by £209k. Plant expenditure of £34k was incurred to support production efficiency and productivity. Product development costs of £175k (£150k six months to 30 September 2024) were also incurred and capitalised.

The Company's contribution to the defined benefit pension scheme stood at £nil (six months to 30 September 2024: £nil).

The pension scheme surplus was £701k (£526k net of deferred tax) valued under the IAS 19 rules. The scheme continues to be heavily invested in fixed income securities to match movements in assets and liabilities and minimise risk. The status is being regularly monitored to be able to take advantage of a possible buy-out opportunity should it arise. Currently, a significant premium would be required, and it is not believed that a buy-out will be affordable in the near future.

Looking to the second half of the year, the Board has concerns about the economic environment in its two key markets. As mentioned, the order intake from June 2025 has been significantly below budget. Although the UK has secured a USA tariff level at the lower end of the scale, our brassware is only part of a bathroom and other product costs have risen as much as 50%, causing overall construction costs to increase substantially. Many customers have pressed on regardless, but we have seen some pausing of projects while assessments are made of the budget revisions required. In the UK, current and pending changes to inheritance tax and income tax in November 2025's budget has led to some of our clients moving overseas and others waiting to see what happens next. This has led to a degree of caution especially in the London market. The double effects of tariffs and tax increases have led the Company to take action and reduce headcount and costs in anticipation of a tougher second half year and into the next financial year.

The Company is pleased to report that the introduction of four key new finishes, including Anthracite and Old Brass, has met with expectations and are selling well. Events such as Milan and Wow!house in Chelsea Harbour have helped increase our profile with premium interior designers and we feel well placed to mitigate the worst of the events mentioned above to a degree. However, we are expecting sales to be weaker in the second half of the year which will have an impact on our final year profit. Next year will see the launch of our Octelle collection, which is a collaboration with the esteemed interior designer, Laura Hammett which we expect to gain us new sales in our key markets.

Anthony Buttanshaw
Chair
26 November 2025

Dividend

As a result of the uncertain trading conditions, the directors recommend the same interim dividend as last year at 4.5p per share (2024: 4.5p). The interim dividend will be paid on 20 March 2026 to shareholders on the register at the close of business on 13 February 2026. The ex-dividend date for this payment is 12 February 2026.

This announcement contains inside information for the purposes of the UK Market Abuse Regulation and the Directors of the Company are responsible for the release of this announcement.

For further information, please contact:

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Unaudited Interim Financial Report
For the Half Year ended 30 September 2025

CONSOLIDATED INCOME STATEMENT

	Half year ended 30 September 2025 Unaudited £'000	Half year ended 30 September 2024 Unaudited £'000	Year ended 31 March 2025 Audited £'000
Revenue	7,695	7,548	14,769
Cost of sales	(4,142)	(4,114)	(7,930)
Gross profit	3,553	3,434	6,839
Selling and distribution costs	(1,989)	(1,886)	(3,711)
Administrative expenses	(1,075)	(1,067)	(2,163)
Other operating income (note 5)	-	-	61
Operating profit	489	481	1,026
Finance income	53	-	137
Finance cost	-	(42)	-
Profit before taxation	542	439	1,163
Taxation	-	(28)	(275)
Profit for the period	542	411	888
Basic and diluted earnings per ordinary share (note 4)	21.4p	16.2p	35.0p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Half year ended 30 September 2025 Unaudited £'000	Half year ended 30 September 2024 Unaudited £'000	Year ended 31 March 2025 Audited £'000
Profit for the period	542	411	888
Items that will not be reclassified to profit or loss:			
Actuarial (loss)/profit on defined benefit pension scheme	(122)	332	(531)
Deferred tax on actuarial profit/(loss)	32	(82)	133
Revaluation of property, plant and equipment	(29)	(43)	-
Deferred tax on revaluation	8	11	-
	(111)	218	(398)
Total comprehensive income for the period	431	629	490

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	At 30 September 2025	At 30 September 2024	At 31 March 2025
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Non-current assets			
Intangible assets	1,096	963	1,059
Property, plant and equipment	4,505	4,728	4,755
Deferred tax assets	-	-	-
Retirement benefit scheme (note 6)	526	941	617
	<u>6,127</u>	<u>6,632</u>	<u>6,431</u>
Current assets			
Inventories	4,413	4,650	4,622
Trade and other receivables	2,005	1,749	1,951
Derivative financial instruments	-	-	32
Current tax receivable	61	-	61
Cash and cash equivalents	2,623	1,937	2,169
	<u>9,102</u>	<u>8,336</u>	<u>8,835</u>
Total assets	<u>15,229</u>	<u>14,968</u>	<u>15,266</u>
Current liabilities			
Trade and other payables	(1,592)	(1,548)	(1,813)
Right of use lease liabilities	(79)	(28)	(74)
Current tax payable	-	(28)	-
	<u>(1,671)</u>	<u>(1,604)</u>	<u>(1,887)</u>
Non-current liabilities			
Right of use liabilities	(92)	(19)	(128)
Deferred tax liability	(950)	(758)	(949)
	<u>(1,042)</u>	<u>(777)</u>	<u>(1,077)</u>
Total liabilities	<u>(2,713)</u>	<u>(2,381)</u>	<u>(2,964)</u>
Net assets	<u>12,516</u>	<u>12,587</u>	<u>12,302</u>
Equity			
Called up share capital	254	254	254
Capital redemption reserve	109	109	109
Revaluation reserve	1,014	1,079	1,044
Retained earnings	11,139	11,145	10,895
Equity shareholders' funds	<u>12,516</u>	<u>12,587</u>	<u>12,302</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to owners of the Parent Company

	Share capital	Capital redemption reserve	Revaluation reserve	Retained earnings	Total equity
	£000	£000	£000	£000	£000
Balance at 31 March 2024	254	109	1,146	10,666	12,175
Total transactions with owners					
Equity dividends paid	-	-	-	(217)	(217)
Transfer to retained earnings					
Disposal of revalued asset	-	-	(32)		(32)
Reclassification of depreciation on revaluation	-	-	(35)	35	-
	-	-	(67)	35	(32)
Profit for the period	-	-	-	411	411
Other comprehensive income for the period	-	-	-	250	250
Total comprehensive income for the period	-	-	-	661	661
Balance at 30 September 2024	254	109	1,079	11,145	12,587
Total transactions with owners					
Equity dividends paid	-	-	-	(114)	(114)
Transfer to retained earnings					
Reclassification of depreciation on revaluation	-	-	(35)	35	-
	-	-	(35)	35	-
Profit for the period	-	-	-	477	477
Other comprehensive income for the period	-	-	-	(648)	(648)
Total comprehensive income for the period	-	-	-	(171)	(171)
Balance at 31 March 2025	254	109	1,044	10,895	12,302
Total transactions with owners					
Equity dividends paid	-	-	-	(217)	(217)
Transfer to retained earnings					
Reclassification of depreciation on revaluation	-	-	(30)	30	-
	-	-	(30)	30	-
Profit for the period	-	-	-	542	542
Other comprehensive income for the period	-	-	-	(111)	(111)
Total comprehensive income for the period	-	-	-	431	431
Balance at 30 September 2025	254	109	1,014	11,139	12,516

CONSOLIDATED CASH FLOW STATEMENT

	Half year ended 30 September 2025 Unaudited £'000	Half year ended 30 September 2024 Unaudited £'000	Year ended 31 March 2025 Audited £'000
Cash flow from operating activities			
Profit for the period before taxation	542	439	1,163
Adjustments for:			
Depreciation	284	246	540
Amortisation	138	106	227
(Profit) on disposal of property, plant and equipment	-	(39)	(36)
Interest charged on capitalised leases	6	1	2
Interest received	(24)	-	(107)
Defined benefit pension scheme expenses	(17)	83	25
Contributions to defined benefit pension scheme	-	-	(300)
Fair value gain on derivative financial instruments	10	-	(32)
Operating cash flow before movements in working capital	939	836	1,482
Changes in working capital:			
Decrease in inventories	209	192	220
Decrease/(increase) in trade and other receivables	(32)	319	59
(Decrease) in trade and other payables	(184)	(381)	(184)
Cash (used in) / generated from operations	932	966	1,577
Taxation received	-	-	-
Net cash from / (used in) operating activities	932	966	1,577
Cash flow from investing activities			
Payments to acquire property, plant and equipment	(34)	(319)	(402)
Proceeds from the sale of property, plant and equipment	-	36	-
Payments to acquire intangible assets	(175)	(150)	(375)
Net finance income/(costs)	24	(1)	107
Net cash outflow from investing activities	(185)	(434)	(670)
Cash flow from financing activities			
Payment for right of use assets	(39)	(38)	(76)
Dividends paid	(217)	(217)	(331)
Net cash outflow from financing activities	(256)	(255)	(407)
Net increase in cash and cash equivalents	491	277	500
Effect of exchange rate differences on cash or cash equivalents	(37)	(24)	(5)
Cash and cash equivalents at beginning of period	2,169	1,684	1,674
Cash and cash equivalents at end of period	2,623	1,937	2,169

NOTES TO THE INTERIM FINANCIAL REPORT

1. BASIS OF PREPARATION OF INTERIM REPORT

As permitted, IAS34 'Interim Financial Reporting' has not been applied in this interim report. The information for the period ended 30 September 2025 is not audited and does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The statutory accounts for the year ended 31 March 2025 were given an unqualified audit report and did not contain statements under section 498(2) or 498(3) of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The interim accounts for the half year ended 30 September 2024 were also unaudited.

2. ACCOUNTING POLICIES

Basis of accounting

The report has been prepared on a going concern basis in accordance UK-adopted International Accounting Standards.

The group has not availed itself of early adoption options in standards and interpretations.

The principal accounting policies adopted are as set out in the Annual Report for the year ended 31 March 2025. The valuation of inventories is considered to be the main area in terms of significant accounting estimates and judgements.

The retirement benefit scheme surplus recognised in these interim accounts reflects the estimated change in the surplus at 30 September 2025 from the movements in discount rates and inflation during the six months.

3. DIVIDENDS

A final dividend for the financial year 2025 of 8.5625p per share (2024: 8.5625p) was paid during the period.

An Interim dividend for the financial year 2026 of 4.5p per share is proposed (2025: 4.5p), payable on 20 March 2026.

4. EARNINGS PER SHARE

The basic and diluted earnings per share are calculated by dividing the relevant profit after taxation of £542,000 (2024: profit £411,000) by the average number of ordinary shares in issue during the period being 2,534,322 (2024: 2,534,322). The number of shares used in the calculation is the same for both basic and diluted earnings.

5. OTHER OPERATING INCOME

Income was recognised for the financial year 2025 through the gaining of tax credits under the Research and Development tax regime.

	Half year ended 30 September 2025 Unaudited £'000	Half year ended 30 September 2024 Unaudited £'000	Year ended 31 March 2025 Audited £'000
R&D Expenditure Credits	-	-	61
Total other operating income	-	-	18

Income has been accounted for under the accruals method.

NOTES TO THE INTERIM FINANCIAL REPORT (cont.)

6. RETIREMENT BENEFIT SCHEME

The values used in the Financial Statements are valued using IAS 19, which shows a surplus of £701k (shown in the balance sheet as £526k net of deferred tax). However, the Directors support the goal of a Buyout for the Scheme which is likely to result in a premium being paid to the insurance company. This would mean that the Directors do not expect this asset to be realised or ultimately distributable.

Contributions for the year to 31 March 2026 have been agreed at nil (2025: £300,000).

Note:

Certain statements made in this announcement are forward-looking statements. These forward-looking statements are not historical facts but rather are based on the Company's current expectations, estimates, and projections about its industry; its beliefs; and assumptions. Words such as 'anticipates,' 'expects,' 'intends,' 'plans,' 'believes,' 'seeks,' 'estimates,' and similar expressions are intended to identify forward-looking statements. These statements are not a guarantee of future performance and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond the Company's control, are difficult to predict, and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. The Company cautions security holders and prospective security holders not to place undue reliance on these forward-looking statements, which reflect the view of the Company only as of the date of this announcement. The forward-looking statements made in this announcement relate only to events as of the date on which the statements are made. The Company will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances, or unanticipated events occurring after the date of this announcement except as required by law or by any appropriate regulatory authority.