



Live Beautiful

Sanderson Design Group
Annual Report & Accounts 2025

The background of the right half of the page is a dense, repeating floral pattern in the style of William Morris. It features various flowers, including large orange and red bell-shaped flowers, smaller blue and yellow flowers, and green foliage. The pattern is set against a light beige background.

HELLO
HELLO
IF IT ISN'T
THE ORIGINAL
MORRIS AND CO





We are a luxury interior furnishings group **united** in a single purpose

“

To bring the beautiful into people's homes and lives.

Strategic Report

- 03 At a Glance
- 04 FY2025 Highlights
- 06 Chairman's Statement
- 08 Chief Executive Officer's Strategy and Operating Review
- 12 Our Business Model
- 13 Quintessentially British – Our Brands
- 20 Licensing
- 21 Chief Financial Officer's Review
- 24 Key Performance Indicators
- 25 Stakeholder Engagement
- 27 Section 172 Statement
- 28 Live Beautiful
- 33 Greenhouse Gas Emission and Energy Consumption Reporting
- 35 Climate-related Financial Disclosure Regulations
- 44 Principal Risks

Governance

- 50 Board of Directors
- 51 Group Leadership Team
- 52 Corporate Governance
- 55 Nomination Committee Report
- 56 Directors' Remuneration Report
- 60 Audit Committee Report
- 62 Report of the Directors
- 64 Statement of Directors' Responsibilities

Financial Statements

- 66 Independent Auditors' Report to the Members of Sanderson Design Group PLC
- 72 Consolidated Income Statement
- 72 Consolidated Statement of Comprehensive Income
- 73 Consolidated Balance Sheet
- 74 Consolidated Cash Flow Statement
- 75 Consolidated Statement of Changes in Equity
- 76 Notes to the Consolidated Financial Statements
- 99 Company Balance Sheet
- 100 Company Statement of Changes in Equity
- 100 Notes to the Company Financial Statements
- 107 Glossary
- 108 Five-Year Record
- 108 Shareholder Information

Strategic Report

- 03 At a Glance
- 04 FY2025 Highlights
- 06 Chairman's Statement
- 08 Chief Executive Officer's Strategy and Operating Review
- 12 Our Business Model
- 13 Quintessentially British – Our Brands
- 20 Licensing
- 21 Chief Financial Officer's Review
- 24 Key Performance Indicators
- 25 Stakeholder Engagement
- 27 Section 172 Statement
- 28 Live Beautiful
- 33 Greenhouse Gas Emission and Energy Consumption Reporting
- 35 Climate-related Financial Disclosure Regulations
- 44 Principal Risks



At a Glance

We are Sanderson Design Group PLC, an international luxury interior furnishings company that designs, manufactures, and markets wallpapers and fabrics together with strong licensing partnerships that produce a wide range of ancillary interior products. Design is at the heart of everything we do.

Our Vision

To lead the interiors industry in transforming the way we design, manufacture and distribute, enriching people's lives, helping them to Live Beautiful.

Our Purpose & Values

As custodians of 165 years of design experience, our purpose is to bring the beautiful into people's homes and lives. We do this by being:

Intrepid: We're brave, we're bold, we take the lead, and inspire others around us.

Imaginative: We take a creative and innovative approach to everything we do.

Respectful: We consider customers, colleagues, the planet, and the people who live on it.



Planet Mark certification for Year 7 of carbon reduction, reflecting our Live Beautiful sustainability pledge.

Product Overview

The Group is home to a collective of six quintessentially British luxury interior brands targeted at consumers: Sanderson, Morris & Co., Zoffany, Harlequin, Clarke & Clarke and Scion as well as two manufacturing brands which produce fabric and wallpaper for the industry. We operate in the upper sector of the market, producing high value products. Our UK domestic market is strongly penetrated, and our USA subsidiary is a key growth focus for the business.

Locations

We employ 550 people globally across our brands and manufacturing businesses, with the majority based in the UK.



FY2025 Highlights

Revenue

£100.4m

2024: £108.6m (-7.6%)

Adjusted underlying EPS*

3.92p

2024: 13.74p (-71.5%)

Adjusted underlying profit before tax*

£4.4m

2024: £12.2m (-63.9%)

Net cash**

£5.8m

2024: £16.3m (-64.4%)

Basic (loss)/earnings per share

(21.22)p

2024: 11.46p (-285.2%)

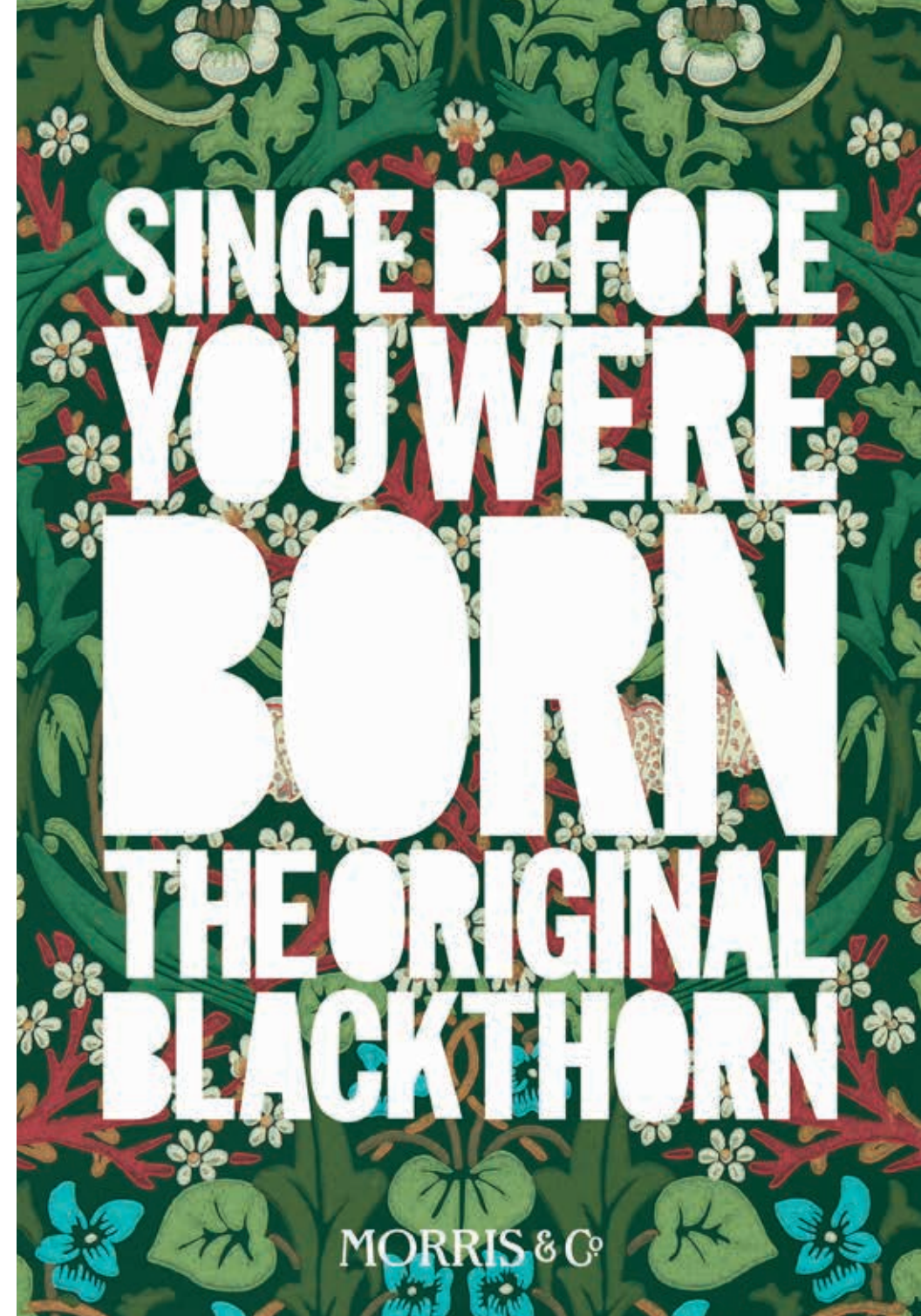
Statutory (loss)/profit before tax

£(13.9)m

2024: £10.4m (-233.7%)

* Excluding share-based incentives, defined benefit pension charge and non-underlying items as summarised in note 12.

** Cash is defined as cash and cash equivalents less borrowings. For the purpose of this definition, borrowings does not include lease liabilities. The cash position at 31 January 2025 reflects the one-off £2.3m pension contribution in June 2024, and one-off capital expenditure items in FY25 of approximately £3.0m.



Financial highlights

- Revenue of £100.4m (FY2024: £108.6m), down 8% in what has been a sustained challenging consumer environment
- Continued strong performance from licensing, with sales up 1% at £11.0m (FY2024: £10.9m)
- Total manufacturing sales fell 10% to £31.7m (FY2024: £35.0m)
- Our Future Factory initiative has identified annualised cost savings of £1.5m from FY2026 onwards
- The Arthur Sanderson and William Morris archive has been independently valued at £10.0m
- A £16.3m non-cash impairment of intangible assets related to goodwill arising from the acquisition of Clarke & Clarke in October 2016. Whilst the impairment aligns the brand with current industry valuations, the Board remains confident in its importance to the Group
- Adjusted underlying profit before tax of £4.4m (FY2024: £12.2m), reflecting the impact of the consumer environment on brand product sales and manufacturing. Reported loss before tax of £(13.9)m (FY2024: profit £10.4m)
- Liquidity and headroom of £15.8m (FY2024: £26.3m) with cash position of £5.8m (FY2024: £16.3m) and banking facilities of £10.0m (FY2024: £10.0m)
- Proposed final dividend of 1.00p per share (FY2024: 2.75p) to give a total dividend for the year of 1.50p (FY2024: 3.50p)

Operational highlights

- The Sanderson brand being granted the Royal Warrant of Appointment by His Majesty King Charles III
- A significant number of new multi-year licensing agreements signed with a wide range of international businesses
- Launch of a direct-to-consumer Morris & Co. online shop to showcase the strength of the Morris & Co. full portfolio of core products and finished goods to the UK, USA and EU
- Strong product launches from our brands, including a collaboration for Sanderson with designer and illustrator Giles Deacon
- The Group's head office relocated during the year to the Sanderson brand's historic home in Chiswick, west London at Voysey House

Sustainability highlights

- Planet Mark certification for Year 7 of carbon reduction, reflecting our Live Beautiful sustainability pledge
- CO₂ emissions reduced by 8.1% in FY2025 on location basis, ahead of our plan to reach carbon neutrality
- We are now FSC™ certified, which ensures that the majority of our wallpapers are printed on responsibly sourced paper



Chairman's Statement



We have accelerated strategic initiatives, and pleased to report that good progress is being made.

Dianne Thompson
Non-executive Chairman



Introduction

A key focus for the Board in the financial year ended 31 January 2025 was the acceleration of strategic initiatives to align the cost base with current consumer and industry demand and, importantly, to position the Group for future growth. These strategic initiatives centre on three core areas: digitalisation across the business; North America as a key growth opportunity; and Future Factory to transform the efficiency of our manufacturing operations. The decision to accelerate these initiatives was driven by market conditions, which remained challenging throughout the year, particularly in the UK, our largest market.

It is pleasing to report that we are making good progress with these strategic initiatives and have recently identified annualised cost savings of £1.5m in our manufacturing operations, adjusting the cost base to current volumes and focusing staffing on our digital-first printing strategy. This move to digital-first printing has been enabled by significant recent advances in digital printing technology. Traditional printing techniques remain a core part of our offering but will be used only when craft skills add value to a product or when requested by third-party customers.

Market conditions impacted our brand sales and third-party manufacturing revenues during the year, mitigated in part by another strong performance from licensing. In last year's Chairman's Statement, I reported that licensing had become firmly established as the third strategic pillar of the Group, complementing brand sales and manufacturing. Licensing has continued to perform well, delivering another record result and contributing £11.0m in sales in the year ended 31 January 2025, a slight increase on the prior period (FY2024: £10.9m). This performance represents a significant achievement as FY2024 included a new agreement with NEXT which contributed £3m of accelerated income and a major agreement with J Sainsbury plc.

The ability to license our designs highlights the unique intellectual property in the Group's brands and design archive, and also our designers' skill at transferring designs from fabric and wallpaper to many different substrates and product types. The value of the design archive at our Voysey House head office was recently independently valued at £10.0m, marking the first time that the archive has been valued since the acquisition of Sanderson and Morris & Co. in 2003.

Progress was made during the year with our strategic growth market of North America; whilst sales were up just 1% at constant currency, the comparator period included a large number of contract orders. The Sanderson brand, the re-energising of which has been an important strategic focus, has performed particularly well in North America, with brand sales up 24% driven by enhanced brand awareness. Our focus on developing licensing in North America delivered a number of exciting deals including an extension deal with Ruggable LLC for the Sanderson brand.

North America will continue to be the Group's most important geographic growth opportunity. The strategy for the UK and other geographic regions is to control costs and drive efficiency whilst ensuring that the Group is positioned to take advantage of any upturn in consumer confidence.

During the year, we have continued to advance our Live Beautiful sustainability strategy. In the year to 31 January 2025, our total carbon footprint was 5,246 tonnes, a decrease on FY2024's 5,707 tonnes reflecting continued progress in our journey to net zero.

Further details on the Group's strategic and operational progress are included in the Chief Executive Officer's Strategy and Operating Review.

Financial results

Group turnover for the year ended 31 January 2025 was £100.4m (FY2024: £108.6m), reflecting the challenging consumer environment. Adjusted underlying profit before tax at £4.4m was down 64% on the previous year (FY2024: £12.2m).

This year's reported results include a one-off, non-cash impairment of goodwill associated with the acquisition of the Clarke & Clarke brand in 2016. The valuation of brands across the interior furnishings industry has declined since 2016 and this non-cash impairment of Clarke & Clarke aligns the brand to the current industry environment. The Board remains confident in the future performance of the brand, in its licensing potential and its overall importance to the Group's brand portfolio.

The difficult trading conditions, together with the impact of a non-cash impairment, led to a reported loss before tax of £(13.9)m (FY2024: profit £10.4m).

The Group's balance sheet remains strong with cash at the year end of £5.8m compared with £16.3m at 31 January 2024 and £9.6m at 31 July 2024. The cash position at the year end reflects the one-off £2.3m pension contribution in June 2024, one-off capital expenditure items of approximately £3m and slightly increased inventory. Cash is expected to build in the first half of the current financial year.

Dividend

The Directors recommend a final dividend of 1.0p (FY2024: 2.75p) taking the full year dividend to 1.5p (FY2024: 3.50p). Payment of the final dividend, if approved at the Company's forthcoming Annual General Meeting, will be made on 8 August 2025 to shareholders on the Company's register at 11 July 2025, with an ex-dividend date of 10 July 2025. The Board remains committed to returning to a progressive dividend policy when trading conditions improve.

People

On behalf of the Board, I would like to thank all our colleagues for their commitment, energy and creativity during another year of challenges and opportunities for the business. I would also like to thank Christopher Rogers, who stepped down as Non-executive Director on 1 February this year after more than six years of service both as a Non-executive Director and as Interim Executive Chairman.

Outlook

In response to market conditions, we continue to focus on accelerating strategic initiatives to position the Group for future success.

The restructuring at our UK factories has reduced costs to align with anticipated volumes and the trend to digital printing.

North America remains a key growth opportunity, and the Group does not currently expect a material direct impact from tariffs imposed on imports into the USA. The evolving tariff regime is, however, a potential threat to US and global consumer confidence and we will continue to monitor closely.

The first two months of our current financial year started strongly in the USA with our core brand sales showing double-digit revenue growth compared with the same two months last year. The UK and Northern Europe performed in line with expectations during the same period. The announcement of tariffs at the beginning of April and its impact on global markets has, however, impacted order intake in all regions.

The recently announced launch of the Highgrove by Sanderson collaboration with The King's Foundation, a collection of fabric and wallpaper designs inspired by the gardens transformed by His Majesty King Charles III in the grounds of his private residence, has been extremely well received by press and designers and launches to market on 1st May.

We also look forward to the launch in September this year of the first Morris & Co. and Huntington collection titled The Unfinished Works, featuring some of the museum's archive designs by William Morris and his studio artists, creating art history with the release of a new body of work.

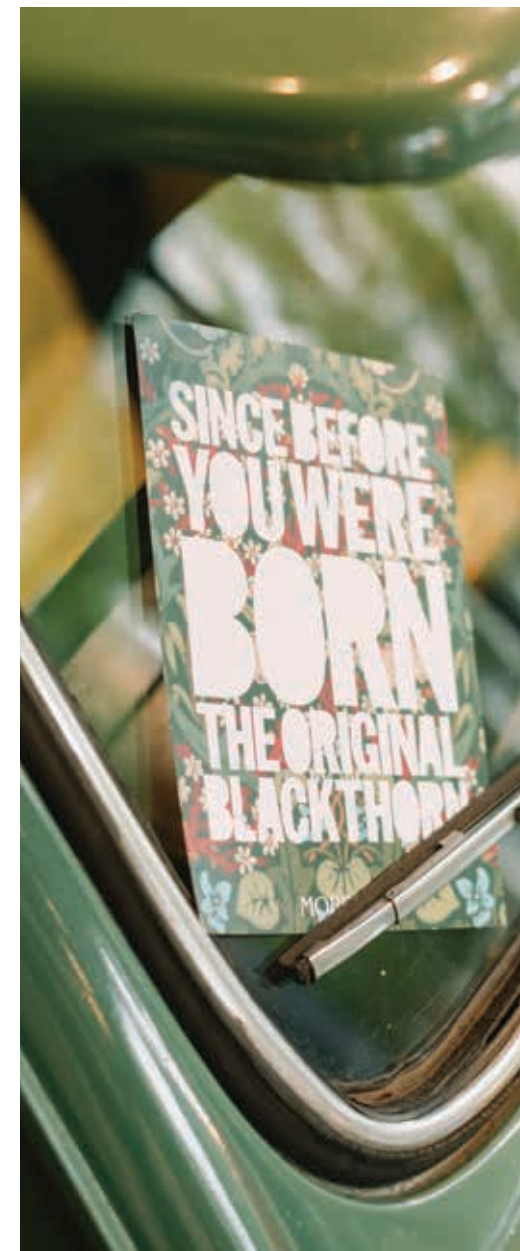
Morris & Co.'s omnichannel site launches in the UK and USA have started well, giving great confidence in the important strategic investment in digital consumer platforms to mitigate structural market changes.

Our balance sheet remains robust, with over £5.0m of cash and an undrawn £10.0m bank facility. We are also making good progress in further strengthening our net cash position through planned inventory reduction.

The Board is confident in its agility and its acceleration of strategic initiatives in response to the ongoing global market challenges and unpredictability. At this early stage in the current financial year, the Board continues to anticipate that the full year outturn will be in line with its expectations.

Dianne Thompson

Non-executive Chairman
29 April 2025



Chief Executive Officer's Strategy and Operating Review

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We have confidence in our brands, products, people and strategy.

Lisa Montague
Chief Executive Officer



Introduction

The results for the year ended 31 January 2025 reflect challenging market conditions which persisted throughout the year. Of the three pillars of our business model – brands, licensing and manufacturing – licensing delivered another excellent year though this was insufficient to overcome the impact of weak consumer markets on brand and manufacturing sales. We continue to accelerate strategic initiatives to position the Group for future growth and to align the Group's cost base with current market dynamics. These strategic initiatives centre on three core areas: digitalisation across the business; North America as a key growth opportunity; and Future Factory to transform the efficiency of our manufacturing operations and leverage the benefit of verticality.

Digitalisation

Digitalisation at the Group has two main strands: digital as a route to market and digital production at our manufacturing sites.

To advance our strategy of digital as a route to market, we launched the Morris & Co. online shop (www.wmorrisandco.com) in September 2024 in the UK. This direct-to-consumer site brings together Morris & Co. wallpapers, fabrics, paints and licensed products and is performing in line with expectations. The site was subsequently launched in the USA in March 2025, where it has started very strongly and ahead of expectations. The site's customer base represents completely new, digital native customers for the Group.

To improve the Group's digital presence for trade customers, the Group's Trade Hub will be re-platformed in the coming months to a scalable platform that includes all of the Group's brands and gives much better visual tools, product sampling and order management. An omnichannel approach will then be adopted with each brand's presence tailored to attract its audience, working with all of our customers to deliver optimal inspiration and service.

The other main strand of digitalisation is at our printing factories where we have invested in the latest digital printing equipment and adopted

a digital-first strategy for both fabrics and wallpapers, using traditional printing methods where they add value through expertise and craft skills. The quality of product from our newest digital printers is excellent, with designers being highly impressed by the results and trialling heritage prints that previously would only have been printed traditionally. That said, we will continue to preserve traditional printing techniques and use them where the value of craft and highly skilled expertise are recognised and required.

North America

We continue to see North America as a key growth market and are accelerating our efforts on this strategic initiative. Whilst sales were up just 1% at constant currency during the year, the comparator period included some large contract orders. The contract market was slow during the year though we have a good pipeline of orders and goods awaiting shipment, which gives us confidence in the ongoing demand.

In November 2024, we announced the appointment of Scott Hans, Senior Vice President of Sales, to lead business development in North America, and continue to strengthen the team to deliver our ambitions.

Wallpaper has sold more strongly than fabric in North America. Historically in the UK, we sold about 65% fabric and 35% wallpaper whereas last year in North America it was 55% wallpaper and 45% fabric. Wallpaper is on trend but it's also a reflection of the way that wallpaper is purchased more directly through e-commerce. Wallpaper sales in North America grew 7% during the year whereas fabric sales declined by 5%, as a result of reduced contract sales.

We remain excited by the opportunity in North America with two key events this year.

This month, we announced the Highgrove by Sanderson celebration of the royal gardens and are sponsoring Kip's Bay's 50th Anniversary New York Showhome later in the year, with one of the main reception rooms designed exclusively with the collection.

The second half sees the September launch in California of a new collection from Morris & Co. in collaboration with the Huntington Library, Art Museum, and Botanical Gardens ('The Huntington'), based on largely unseen and unfinished William Morris designs. This is an important and significant new chapter of Morris & Co., being privileged to bring to life some 50 unique "new designs" relative to around 250 produced over the past 165 years. Morris & Co. notably holds the exclusive IP rights to these designs which will be celebrated for years to come, adapted, recoloured and rescaled to offer many versions to delight our Morris fans with authentic, crafted creativity that is true to its origins. We thank the Huntington team for the once-in-a-lifetime chance for our talented designers to work on this important moment in art history.

Future Factory

The third strategic initiative that was accelerated during the year was our Future Factory initiative. Digital printing creates the opportunity to print more efficiently, reducing lead times and inventory and simplifying operations. During the year, manufacturing volumes from our own brands and from third-party customers were impacted by the challenging consumer and industry environment with demand for higher margin repeat orders declining and some customers delaying planned product launches.

In order to align the factories' expected volumes with their cost base, we recently completed a review with our new Group Operations Director resulting in a 15% reduction in our manufacturing workforce, and annualised cost savings of £1.5m at an exceptional cost of £0.7m.

Strategy and progress

Our core strategy for the Group, which is set out below, is underpinned and guided by our Live Beautiful sustainability strategy.

Driving the brands: The Group has a strong and broad portfolio of powerful brands, each with clear market positioning. Our intention is to focus precisely on the individuality of each brand, giving each its own market, channel, product, and communications strategy; thereby strengthening their appeal to drive demand in their respective marketplaces.

Focusing on core products: The Group has two strong manufacturing arms that benefit the brands' business. Our strategy is to focus on our core products of wallpaper and fabric, and to continue to build our finished goods offer with our expert partners through licensing.

Partnering with key customers: The strategic focus on the individuality of each brand, and our tailored service, cements relationships with key customers, while enhanced communication through partnership drives demand for both heritage and contemporary brands from consumers, through our interior design partners, retail channels and hospitality partners. We continue to deepen our relationships with existing licensing partners and seek new opportunities, strategically targeted by brand, category and market.

Investing in people: People, and creativity, are at the heart of our business. In our industry, Sanderson Design Group is a favoured destination for emerging new designers. We benefit from doing more to bring in new creative and other talent, nurturing it and creating a high-performance culture whilst also ensuring that the Group's cost base is aligned with demand.

Growing key geographies: Our brands have significant international market potential, reflected in them being sold worldwide. To maximise return, we are focused on building market share in key geographies. North America is our first priority, where our brands are under-represented, although highly appreciated by top designers. Opportunities are strong in Europe and the Middle East, while we support our UK base. Our approach is tailored to each individual region.

Operational review

The table below shows the Group's sales performance in the year ended 31 January 2025, compared with FY2024. The table shows our three key revenue streams of brand product sales, licensing income and manufacturing. It also gives the four key geographies of our brand product sales: the UK, Northern Europe, North America and Rest of the World.

| | Year to 31 January (£m) | | % Change FY2025 v FY2024 | |
|--|----------------------------|--------------|-----------------------------|----------------------|
| | 2025 | 2024 | Reported | Constant currency |
| Brands | | | | |
| UK | 32.8 | 37.9 | (14)% | (14)% |
| North America | 21.0 | 21.4 | (2)% | 1% |
| Northern Europe | 9.1 | 9.9 | (7)% | (4)% |
| Rest of the World | 8.4 | 9.6 | (12)% | (11)% |
| Total Brand product revenue | 71.3 | 78.8 | (9)% | (8)% |
| Manufacturing | | | | |
| External | 18.1 | 18.9 | (5)% | (5)% |
| Internal (eliminated on consolidation) | 13.6 | 16.1 | (15)% | (15)% |
| Total Manufacturing revenue | 31.7 | 35.0 | (10)% | (10)% |
| Total Licensing revenue | 11.0 | 10.9 | 1% | 1% |
| Total Group revenue | 100.4 | 108.6 | (8)% | (8)% |

Chief Executive Officer’s Strategy and Operating Review continued

Brands

The Brands segment comprises heritage brands Morris & Co., Sanderson, and Zoffany and contemporary brands Clarke & Clarke, Harlequin, and Scion. The table below shows the sales performance of each brand.

| | Year ended 31 January (£m) | | 2025 versus 2024 | |
|-----------------|----------------------------|------|------------------|-------------------|
| | 2025 | 2024 | Reported | Constant currency |
| Brands | | | | |
| Morris & Co. | 18.0 | 19.1 | (6)% | (5)% |
| Sanderson | 13.5 | 13.6 | (1)% | 1% |
| Zoffany | 6.7 | 8.2 | (18)% | (16)% |
| Clarke & Clarke | 19.7 | 22.4 | (12)% | (11)% |
| Harlequin | 12.2 | 14.0 | (13)% | (11)% |
| Scion | 1.1 | 1.3 | (16)% | (15)% |
| Other | 0.1 | 0.2 | (72)% | (62)% |
| Total | 71.3 | 78.8 | (9)% | (8)% |

The table clearly shows the impact of the consumer environment on the sales of each brand, with the heritage brands, Sanderson and Morris & Co., performing better than contemporary brands.

SANDERSON

The Sanderson brand has been a strategic focus for the Group in the past two years and it is pleasing to report another year of growth for the brand in North America with sales up 24% in constant currency, offsetting softness in the UK and the Rest of the World whilst sales were up 6% in Northern Europe.

The Giles Deacon capsule collection for Sanderson performed well throughout the year. In December 2024, His Majesty King Charles III granted the Royal Warrant of Appointment to Sanderson, marking the milestone of 100 years since the brand first received a Royal Warrant from King George V in 1924. Earlier this month, we were honoured to announce the launch of the Highgrove by Sanderson Gardens collection, which celebrates the series of gardens at Highgrove and donates a percentage of sales to the King's Foundation, the global charity preserving the built and natural environment and heritage crafts.

The Disney Home x Sanderson capsule collection of fabrics and wallpapers, based on original Sanderson wallpapers, continues to enjoy growing market presence.



The Morris & Co. brand is our only brand where sales in North America exceed those in the UK. North American sales during the year were flat in constant currency but sales were up 7% in Northern Europe owing to a recovery in sales in Scandinavia. Domestic sales were down 13%, the main contributor to the brand's total sales being down 5% in constant currency.

The first products will be launched this September from the Morris & Co. brand's exciting collaboration agreement with the Huntington, a renowned education and research institution in San Marino, California. The Huntington has a vast archive of William Morris's work, including unique, unfinished designs. Under the terms of the collaboration agreement, the Group is using this unfinished work as the inspiration for an entirely new generation of Morris & Co. wallpapers and fabrics.

HARLEQUIN

The collection from the Harlequin collaboration with Henry Holland was launched in September 2024 and has had the strongest sampling of any collection ever launched by the Group. Whilst Harlequin's North America sales are down 1% in the year in constant currency, they were stronger in the second half of the year owing to the Henry Holland launch. The feedback we've received from the USA is that we are now launching exactly the type of product that US customers have briefed, which is encouraging for future sales. Harlequin remains the biggest selling wallpaper and fabric brand in the John Lewis Partnership although UK sales were down 16% owing to the difficult consumer environment.

ZOFFANY

The Zoffany brand's most recent launch, the Rare Textiles Collection, has been well received but a major contract order in the USA in the prior year, which didn't repeat this year, means that the brand has a tough comparator period.

CLARKE & CLARKE

Clarke & Clarke is our biggest selling brand, with the majority of its sales in the UK where sales were down 14% during the year. A new collection with Emma Shipley, who has worked with the brand for many years, was launched in the second half. This collection, Mythica, will be distributed in North America through our relationship with Kravet Inc. In addition, the brand is growing in the John Lewis Partnership. Despite the one-off, non-cash impairment of £16.3m attributed to goodwill, we remain confident in the future performance of this brand, in both its licensing potential and its overall importance to the Group's brand portfolio.

scion

Scion is predominantly a licensing brand, and its licensing revenue makes a strong contribution to the Group. Scion is also a direct-to-consumer brand from the scionliving.com website, which brings all Scion products onto one platform. In September 2024, Kravet Inc. became the North American distributor of the Scion brand, adding it to Kravet's boutique brands concept to be built out across the showroom network in 2025. The initial response is encouraging.

Manufacturing

Our two factories, Standfast & Barracks textiles and Anstey Wallpaper Company, print for our own brands and for third-party customers, positioning the factories at the centre of our industry. Our third-party sales, in the UK, Europe and the USA, reflect our premium print technologies and world-class excellence in design, manufacturing, customer service and innovation.

Manufacturing volumes, from our own brands and third-party customers, reflect the challenging consumer and industry environment and a key focus for the Board is to improve the efficiency of the factories and return them to profitability.

In November 2024, Tim Preston, a manufacturing and supply chain specialist, was appointed Group Operations Director, a key role in which he will lead the Group's manufacturing activities and the Group's Future Factory initiative. In this role, Tim is focused on improving efficiency, optimising digital printing, reducing lead times and inventory, challenging procurement and simplifying operations. Tim and the team are making significant progress on all fronts and will deliver improved performance this year.

The factories have benefited from considerable recent investment, including a new digital printer at Standfast, which was purchased and commissioned during the year at a total cost of approximately £1m.

The table below details the Group’s internal and external manufacturing sales for the year ended 31 January 2025.

| | Year ended 31 January (£m) | | 2025 versus 2024 |
|----------------------------------|----------------------------|-------------|------------------|
| | 2025 | 2024 | Reported |
| Sales to Group brands | 13.6 | 16.1 | (15)% |
| Third-party sales | 18.1 | 18.9 | (5)% |
| Total Manufacturing sales | 31.7 | 35.0 | (10)% |

Standfast & Barracks, our fabric printing factory, celebrated its Centenary in the year and is internationally regarded as a focal point for creative, innovative and high-quality fabric printing. Standfast continues to exploit the Group’s extensive archive and original artwork, with a talented design studio that reinterprets designs for commercial use today.

Anstey, our wallpaper printing business, is an unrivalled factory in its range of wallpaper printing techniques on one site.

Total sales at Standfast in the year were £16.9m (FY2024: £19.1m), with total sales at Anstey of £14.8m (FY2024: £15.9m). Overall, digital printing as a proportion of both factories output was 54% (FY2024: 50%).

During the year, annualised cost savings of £1.1m were realised following the initial consultation and change of workflows in January 2024. In the current financial year, we have continued to focus on efficiency, adjusting the cost base to current volumes and focusing staffing on our digital-first printing strategy in which traditional techniques will be used where specifically needed. Further, we have recently identified annualised cost savings of £1.5m through a 15% reduction in our manufacturing workforce, resulting in a total manufacturing workforce of 195 individuals.

Licensing

Licensing is the most profitable part of the Group and a key area of strategic focus. Our licensing activities leverage our designs and design archives and bring wider consumer awareness of our brands across multiple categories of finished goods. Licensing brings additional visibility for our brands and the potential to stimulate sales of our core products of fabric, wallpaper and paint.

The Group works closely with licensing partners throughout the product development process and has strong creative skills in scaling and colouring designs so they can be transferred successfully to a multitude of different licensed products.

Licensing had a record year, with revenues of £11.0m (FY2024: £10.9m) including £7.3m of accelerated income (FY2024: £6.5m) from licence agreements signed during the year, including new deals with large retailers and category specialists along with contract renewals and extensions. Accelerated income, recognition of which is a requirement of IFRS 15, represents the total minimum guaranteed sales associated with newly signed contracts with a discount rate applied to them to reflect the timing of the future cash flows arising from the agreements.

Of the total number of 44 licensing deals signed during the year, 18 of these were renewals and extensions, demonstrating the traction that the Group’s brands have with licensees. Major renewals included window coverings company Blinds2Go, rugmaker Brink & Campman and Japanese licensees Nishikawa and Kawashima. The current financial year is expected to have fewer renewals owing to the renewal cycle. Notable extensions signed during the year included Ruggable with the Sanderson brand and Sangetsu with the Harlequin brand, marking the first time that Harlequin has been licensed in Japan and underlining the strength of our relationship with Sangetsu.

Morris & Co. continues to be the Group’s most licensed brand, and it continues to win new licensees. It is positive to see businesses such as Sangetsu and Ruggable, which have initially licensed the Morris & Co. brand, adding further of our brands to their product portfolios.

An exciting new licensing agreement was signed in the second half of the year with a Chinese bedding company, Mine, with the Morris & Co. brand. Mine has already opened a Morris & Co. branded store in the MIXC shopping mall in Changsha, China, and plans to open further branded stores in Shanghai and other cities. The agreement covers Morris & Co. bedding, quilts, bedding accessories and bath towels for that territory.

Also with Morris & Co., Zara Home has recently launched a bedding and cushions collection which it is rolling out in more than 50 stores internationally.

A wide range of homewares products were launched in autumn 2024 under the Habitat x Morris & Co., licensing agreement signed in March 2023.

The Disney Home x Sanderson collection is continuing to gain traction with licensees and now features on a range of licensed product. In January 2025, H&M Home launched a capsule range of nurseryware featuring the collection’s Bambi design, which is expected to contribute to revenues in the current year.

The Company is continuing to progress a pipeline of further licensing opportunities, leveraging its brands and design archives.

Summary

We have confidence in our brands, products, people and strategy, and we will continue to drive the required strategic changes to best position the Group for the current environment and for future growth, ensuring that we remain agile to address future market conditions.

We are excited by the retail launch of the Highgrove by Sanderson collection and also by the upcoming autumn launch by Morris & Co. of The Unfinished Works, a momentous collection of previously incomplete designs by William Morris and his collaborators, from the Huntington in California. Both these collections highlight the Group’s core commitment to design, creativity and collaboration to produce outstanding, innovative products.

Lisa Montague
Chief Executive Officer
29 April 2025

Our Business Model

Rich heritage and wealth of printing knowledge

One of the biggest fabric and wallpaper archives in the world

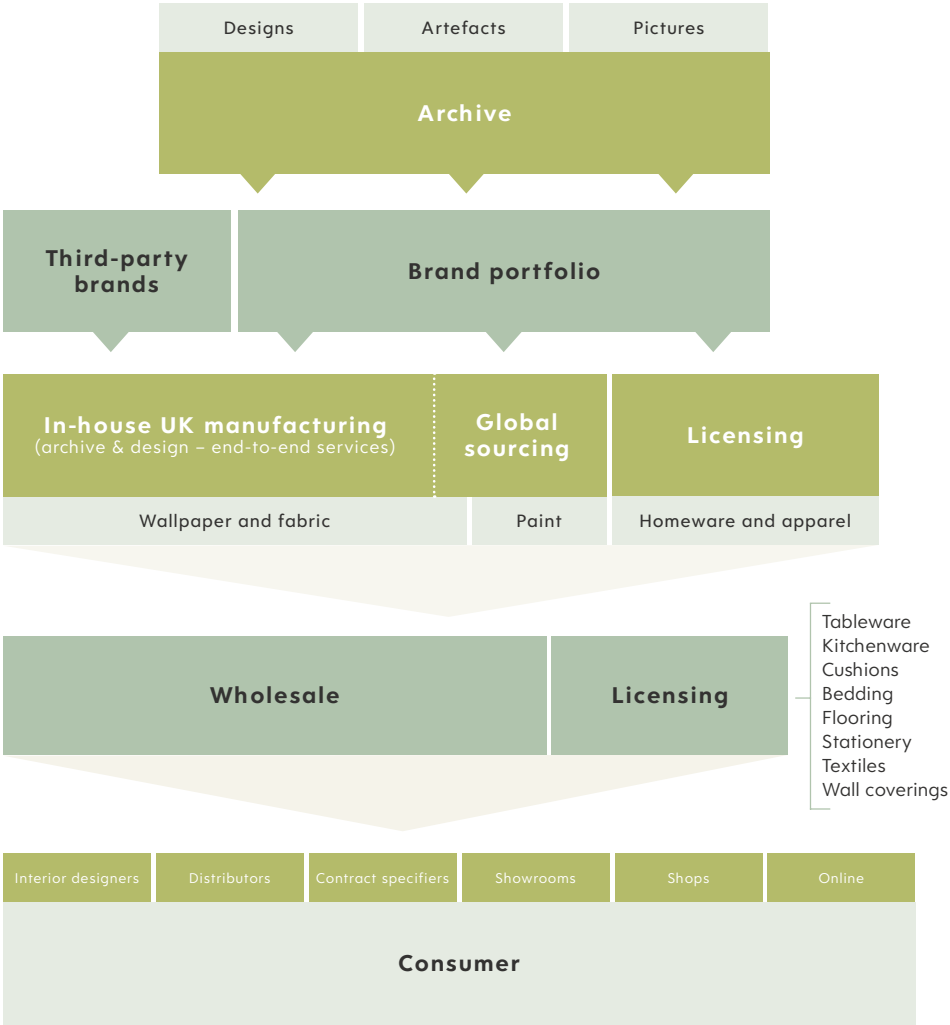
With an archive, of many thousands of artefacts, going back to the 18th century, our archives have grown over the years as we have incorporated more brands into the Group. We are continually embellishing our Group archives with new treasures sourced globally. Our archive has now been fully digitised and the 75,000 documents have now been independently valued at £10.0m, and are being catalogued to assess future opportunities.

Design in our heart

Design is at the centre of everything we do at Sanderson Design Group. As well as taking inspiration from our own archives, our talented team of designers scout globally for ideas to bring our collections to life. We also work with external collaborators and international tastemakers to bring new collections and edits to market. We are committed to nurturing design talent in the UK and support the craft charity Queen Elizabeth Scholarship Trust, and New Designers amongst others.

Six brands catering to a diverse global market

Each one of our brands contributes a unique chapter to our story. We represent the full spectrum of British interior design, catering from cutting-edge sleek modern styles, to the hearty warmth of traditional forms. Our six brands cater for a broad market with diverse needs. Our three luxury and heritage powered brands are Zoffany, Morris & Co. and Sanderson. They all take inspiration from the past and preserve the artistry of designs from the past for generations to come. Harlequin, Scion and Clarke & Clarke are our premium brands, targeted to a more contemporary audience.



Preserving craftsmanship for generations to come with two UK manufacturing sites

Between our two manufacturing sites we offer unique combinations of conventional techniques as well as some of the most advanced digital printing techniques available worldwide. The rich heritage and wealth of printing knowledge amongst the team is exceptional, employing only the finest, skilled craftspeople in designing and printing our fabrics and wallpaper.

We have several routes to market including through our licensing partners

We work with large international retailers, global showrooms, carefully selected high street partners and internet retailers as well as large contract suppliers. We have developed a strong licensing business, for which we create exclusive designs. Licensing has significantly expanded our brand reach. In addition, we launched the Morris & Co. online shop in September 2024 in the UK. This direct-to-consumer site brings together Morris & Co. wallpapers, fabrics, paints and licensed products.

Quintessentially British – Our Brands



Elevating our brands and creating consumer demand.

ZOFFANY

THE ORIGINAL
MORRIS & CO
FOUNDED BY WILLIAM MORRIS IN 1861

SANDERSON

HARLEQUIN

scion

CLARKE & CLARKE

Driving Brand Engagement

- Market-leading portfolio of British brands
- Extensive historical archive of design demonstrating authority, provenance and authenticity
- Unique design expertise, specialising in colour and scale
- Designed with a global appeal
- Clear design pillars to resonate with different audiences
- Building engagement of the brands in core strategic markets
- Delivering a defined digital marketing strategy
- Elevated creative content to inspire and delight
- Immersive events focused on customer-centricity
- Strategic collaborations to elevate brand awareness

Our Heritage Brands



ZOFFANY

Inspired by cultural history, Zoffany offers architects and interior designers a wide range of high-quality wallcoverings and woven, printed, and embroidered fabrics.

Combining artistry,
integrity and a rich,
illustrious heritage.

Founded during the restoration of Temple Newsam, an English Jacobean estate, home to treasures dating back to the 17th century, Zoffany archived and restored these lost creations, breathing new life into historic designs.

Today, Zoffany partners with the world's finest artisans and craftspeople, producing collections that exceed expectations in a luxurious and globally attuned manner. Outstanding archive documents, repurposed and given a new lease of life, sit alongside beautiful original pieces produced on incredible, elevated substrates. A richly pigmented paint range completes the Zoffany portfolio, ensuring the brand remains the go-to resource for interior designers.



For more info visit:
zoffany.sandersondesigngroup.com



THE ORIGINAL
MORRIS & Co

FOUNDED BY WILLIAM MORRIS IN 1861

As a political theorist, publisher, environmental campaigner, poet, and outstanding designer, William Morris (1834–1896) was one of the most influential figures of the nineteenth century.

Lovingly crafted designs that uphold the legacy of William Morris.

Under his direction, Morris & Co. (founded in 1861) grew into a flourishing and fashionable Arts & Crafts decorating business renowned for wallpapers and textiles, becoming part of Sanderson & Sons in 1940.

Today, Morris & Co. builds on that proud heritage with inventive reimaginings of design classics, ever upholding the impeccable standard of craftsmanship which has defined all Morris & Co. products since their inception.

Working across wallpaper, fabric, paint, and licensed product ranges, designs are inspired by artworks safely stored in the Morris & Co. archive. This precious collection houses historical logbooks, samples of wallpaper, printed and woven textiles, and original wooden printing blocks.



For more info visit:
www.wmorrisandco.com

SANDERSON

Founded in 1860 by Arthur Sanderson, Sanderson began as a business importing luxury French paper hangings to Britain and evolved to become one of the most renowned interior design and decorating brands worldwide. Since 1924, Sanderson has held a Royal Warrant for supplying fabrics, paint, and wallcoverings to the Royal Residences.

The home of iconic florals and illustrative botanicals, pushing the boundaries of heritage design.

From importing to establishing printing works and acquiring businesses, Sanderson's illustrious history cements it as the founding brand at Sanderson Design Group, continuing the legacy laid out by Arthur Sanderson. A pioneer in acquisitions, including the procurement of Morris & Co. in 1940 and a producer of beautiful designs, Sanderson paves the way for a future that continues to push the boundaries of heritage design.

Its treasured archive houses a vast collection of fabrics, wallpapers and printing blocks dating back to the 19th century, encapsulating its impressive history and providing a reference point for its design studio today.

Known for its exceptional quality, timelessness and quintessentially English style, Sanderson, the home of iconic florals and illustrative botanicals, offers beautifully crafted fabrics, trimmings and wallcoverings for all. Layered in nostalgia, the brand continuously looks back to move forward with exceptional designs that captivate a discerning global audience.



For more info visit:
sanderson.sandersondesigngroup.com

Our Contemporary Brands



HARLEQUIN

With a focus on colour and the creativity it sparks in interiors, Harlequin is on a mission to celebrate the joy of self-expression through design individuality. Designs are inspired by global travels, far-flung places and the natural and architectural worlds.

Expressing individuality through colour and design.

This lens on life is projected through a mastery of colour, exploring techniques through the hands of Harlequin's designers. With a broad palette that ignites the senses, Harlequin explores styles, influences, and techniques to create interiors that reflect personality. Backed by science, creativity merges with research—Professor Stephen Westland and Soojin Lee's specially commissioned Whitepaper for Harlequin explores the transformative power of colour and its role in self-expression.

At the heart of Harlequin is a dedication to design excellence, from intricate hand-painted designs to the meticulous production of fabrics and wallcoverings. Every piece is a testament to exceptional quality, ensuring a luxury finish that transforms interiors with confidence and individuality.



For more info visit:
harlequin.sandersondesigngroup.com

Our Contemporary Brands continued



scion

Since 2013, Scion has been creating charismatic British design for the contemporary home.

Playful British designs that bring joy to the everyday.

From iconic characters to design stories with modernist flair, our studio of talented designers brings an archive of pattern to the modern drawing board, always with a witty edge. Daring design collections with touches of whimsy have made Scion recognisable as the bold brand of British pattern. This resolutely British aesthetic comes together in a fresh palette of colour combined with mid-century influences to create a contemporary brand that brings joy to modern interiors.



For more info visit:
scionliving.com



CLARKE & CLARKE

Founded in 2009 as the go-to design house defining transitional style in home interiors, Clarke & Clarke offers an eclectic yet distinctive collection of fabrics, wallpapers and home accessories.

Polished looks that embody the best of British eclecticism.

Born out of a passion for creating beautiful, expressive homes, Clarke & Clarke's spirit and British flair deliver an inclusive sense of glamour for the style-conscious. Focusing on luxurious textures and bold colour combinations, Clarke & Clarke's aesthetic runs from whimsical to glamorous and maximalist to sleek for polished looks embodying British eclecticism.



For more info visit:
clarke-clarke.sandersondesigngroup.com

Licensing

Licensing enables us to leverage our design archives and bring wider consumer awareness of our brands across multiple finished goods categories. The wider visibility of our designs brings the potential to stimulate the sales of our core products of fabric, wallpaper and paint, and reinforces our identity as a design-led business.

It was a record year for licensing revenues at £11.0m for FY2025 (FY2024: £10.9m), including £7.3m of accelerated income (FY2024: £6.5m) from license agreements signed during the year, including new deals with large retailers and category specialists along with contract renewals and extensions. Accelerated income, recognition of which is a requirement of IFRS 15, represents the total minimum guaranteed sales associated with newly signed contracts with a discount rate applied to them to reflect the timing of the future cash flows arising from the agreements. Because of the way minimum guaranteed revenue is recognised, the revenue profile can be uneven depending on when contracts are signed and the guaranteed minimum royalty arrangements contained.

Of the total number of 44 licensing deals signed during the year, 18 of these were renewals and extensions, demonstrating the traction that the Group's brands have with licensees.

Performance in the year was boosted by Ruggable, who extended their agreement to include Sanderson. Major renewals in the year included Habitat, Blinds2Go, Brink & Campman, Nishikawa and Kawashima. In addition, new agreements were reached with MINE and Sangetsu for Harlequin. In addition many other agreements have been signed with both large retailers and category specialists.

The Company is continuing to progress a pipeline of further licensing opportunities, leveraging its brands and design archives, with a strategic push towards larger, long-term partnerships.



Chief Financial Officer's Review



Both the Chairman's Statement and the Chief Executive Officer's Strategic and Operating Review provide analysis of the key factors contributing to our financial results for the year ended 31 January 2025 which reflected the challenging market conditions which persisted throughout the year.

Revenue

Our reported revenue for the year was £100.4m compared with £108.6m in FY2024.

| Revenue | FY2025 £m | FY2024 £m | Change FY2024 |
|--------------------------|--------------|--------------|------------------|
| Brand Product | 71.3 | 78.8 | (9.5)% |
| Manufacturing – External | 18.1 | 18.9 | (4.7)% |
| Licensing | 11.0 | 10.9 | 1.0% |
| Group | 100.4 | 108.6 | (7.6)% |

Gross profit

Gross profit for the full year was £68.4m compared with £73.7m in FY2024 whilst the gross profit margin at 68.2% represents an increase of 30 basis points over FY2024. Excluding the impact of licence income, which generates 100% gross profit, margins remained broadly flat at 64.2%.

| | FY2025 | FY2024 |
|---------------------------------|--------|--------|
| Brands and Manufacturing | | |
| Revenue (£m) | 89.4 | 97.7 |
| Gross profit (£m) | 57.4 | 62.8 |
| % | 64.2% | 64.3% |
| Licensing | | |
| Revenue (£m) | 11.0 | 10.9 |
| Gross profit (£m) | 11.0 | 10.9 |
| % | 100% | 100% |
| Total | | |
| Revenue (£m) | 100.4 | 108.6 |
| Gross profit (£m) | 68.4 | 73.7 |
| % | 68.2% | 67.9% |

Within the Brands division product gross margin improved by 180 basis points driven by reduced clearance activity, a stronger North American market mix, and lower sales of low-margin homeware products (which are now largely sold by licence partners).

Conversely, our Manufacturing division has been impacted by reduced volumes of both internal and external orders. Given the high fixed cost base of both of our factories, manufacturing gross margins fell by nearly 300 basis points despite a number of cost-saving measures that were implemented during the year.

Chief Financial Officer's Review continued

Prior to the year-end, to align the factories' expected volumes with their cost base, a further restructuring exercise was announced. This has resulted in a 15% reduction of the manufacturing workforce and will produce an annualised cost saving of £1.5m at an exceptional cost of £0.7m.

(Loss)/profit before tax

The loss before tax was £13.9m, compared with a profit before tax of £10.4m in FY2024.

This was heavily impacted by a number of one-off costs including an impairment charge of £16.3m related to goodwill that arose on the acquisition of Clarke & Clarke in October 2016. The valuation of brands across the interior furnishings industry has declined since 2016 and this non-cash impairment of Clarke & Clarke aligns the brand to the current industry environment. The Board remains confident in the future performance of the brand, in its licensing potential and its overall importance to the Group's brand portfolio.

| | FY2025 £m | FY2024 £m |
|-----------------------------------|--------------|--------------|
| Revenue | 100.4 | 108.6 |
| Gross profit | 68.4 | 73.7 |
| Distribution and selling expenses | (25.7) | (25.3) |
| Administration expenses | (44.8) | (43.5) |
| Impairment of intangible asset | (16.3) | 0 |
| Other operating income | 4.0 | 4.9 |
| Finance income – net | 0.5 | 0.6 |
| (Loss)/profit before tax | (13.9) | 10.4 |

Distribution and selling expenses increased by £0.4m compared with FY2024 largely driven by an increase in the cost of marketing materials (mainly pattern books).

Excluding £1.0m (FY2024: £0.6m) of restructuring and reorganisation costs, administration expenses grew by £1.0m versus FY2024. Inflationary pressures impacted all areas of spend, particularly staff costs where the Real Living Wage increased by over 10% for the second consecutive year. However, we continued to implement cost efficiency measures, including the restructuring of our UK Sales and Support functions which meant that ongoing administration expenses only increased by 230 basis points compared with the prior year.

Adjusted underlying profit before tax

The adjusted underlying profit before tax was £4.4m, down from £12.2m in FY2024.

| | FY2025 £m | FY2024 £m |
|---|--------------|--------------|
| (Loss)/profit before tax | (13.9) | 10.4 |
| Impairment and amortisation of acquired intangible assets | 16.5 | 0.3 |
| Restructuring and reorganisation costs | 1.0 | 0.6 |
| Share-based payment charge | 0.3 | 0.5 |
| Net defined benefit pension charge | 0.5 | 0.4 |
| Adjusted underlying profit before tax | 4.4 | 12.2 |

In calculating the adjusted underlying profit before tax, the Group excludes material non-recurring items or items considered to be non-operational in nature and that do not relate to the operating activities of the Group.

Adjusted measures are used as a way for the Board to monitor the performance of the Group and are not considered to be superior to, or a substitute for, statutory definitions. They are provided to add further depth and understanding to the users of the financial information and to allow for improved assessment of performance. The Group considers adjusted underlying profit before tax to be an important measure of Group performance and is consistent with how the business is reported to and assessed by the Board. This measure is used within the Group's incentive plans – see the Directors' Remuneration Report.

Items excluded for the purposes of calculating the adjusted underlying profit before tax comprise:

- An impairment charge of £16.3m relating to the goodwill recognised on the acquisition of Clarke & Clarke in October 2016
- The amortisation of other intangible assets in respect of the acquisition of Clarke & Clarke
- Restructuring and reorganisation costs of £1.0m (FY2024: £0.6m) arising out of changes to our UK Sales and Sales Support functions and both factories
- Share-based payment charges of £0.3m (FY2024: £0.5m) are excluded as they are a non-cash measure

- Administration costs of £0.4m (FY2024: £0.5m) related to the Group's two legacy defined benefit pension plans

Taxation

The tax charge for the year is £1.4m. Excluding the (non-deductible) £16.3m impairment of goodwill this represents a 57% effective rate. The effective rate is impacted by a £0.6m movement in deferred tax related to the derecognition of certain historical losses.

Our tax payable position in FY2025 reduced by £1.0m from a Corporation Tax credit relating to pension scheme contributions that is recorded in the Consolidated Statement of Changes in Equity.

Capital expenditure

Capital expenditure in the year totalled £4.1m (FY2024: £3.3m). Significant investments in the year included a new digital pigment printer and factory roof at Standfast & Barracks and the fit out of the Group's new head office and archive at Voysey House in Chiswick, West London.

With the leases on both warehouses having been renewed in FY2025 there are no major capital expenditure projects planned for FY2026. As a result, we would expect capital expenditure to reduce to around £2m per annum. Our forward expenditure programme is closely aligned to our Live Beautiful strategy with capital maintenance projects only being approved if they can be proven to support us on our journey.

Minimum guaranteed licensing receivables

In accordance with IFRS 15, the Group recognises the fair value of fixed minimum guaranteed income that arises under multi-year licensing agreements, in full upon signature of the agreement, provided there are no further performance conditions for the Group to fulfil. A corresponding receivable balance is generated which then reduces as payments are received from the license partner in accordance with the performance obligations laid down in the agreement (usually the passing of time). Licensing revenues above the fixed minimum guaranteed amount are recognised as income in the period in which they are generated. Because of the way minimum guaranteed revenue is recognised, the revenue profile can be uneven depending on when contracts are signed and the guaranteed minimum royalty arrangements contained.

Licensing had a record year, with sales of £11.0m (FY2024: £10.9m) including £7.3m of accelerated income (FY2024: £6.5m) from agreements signed during the year. Several long-term licenses were agreed, including new deals with large retailers and category specialists along with contract renewals and extensions. As a result, on 31 January 2025, minimum guaranteed licensing receivables due after more than one year grew to £11.3m (FY2024: £7.3m) and those due within one year grew to £3.0m (FY2024: £2.1m).

Inventories

Both gross and net inventories increased slightly during the year.

Reduced production volumes in our factories have meant that raw material and work-in-progress levels remain above their optimum level and reducing inventory levels will be an area of focus for us in FY2026.

Trade receivables

Net trade receivables remained at £10.8m (FY2024: £10.8m).

Our business model means that most customers for our Brands Product segment do not hold inventory. We are able to quickly react to any aged accounts in order to mitigate potential credit risks.

As a result, despite the current economic environment, we have experienced limited bad debts in this segment last year. The aging profile of trade debtors shows that the majority of customers are close to terms although the wider economy presents an enhanced level of credit risk.

The customers of our manufacturing facilities do however hold inventory and consequently place larger individual orders with us that present greater credit risk. Additional provisions of £0.3m have been made against specific customers who are believed to represent a significant credit risk.

At a Group level, in addition to specific provisions against individual receivables, a provision has been made of £0.2m (FY2024: £0.3m), which is a collective assessment of the risk against non-specific receivables calculated in accordance with IFRS 9.

Cash position and banking facilities

Net cash from operating activities resulted in an outflow of £2.1m (FY2024: inflow of £9.1m).

The principal driver for the year-on-year decline was a reduction in operating profit and a one-off contribution of £2.3m to one of our defined benefit pension schemes.

All foreign currencies are bought and sold centrally on behalf of the Group. Regular reviews take place of our foreign currency cash flows. The Group undertakes hedging only where there are highly probable future cash flows and to hedge working capital exposures. The strong performance of the Group's North American business creates a requirement to put in place a limited level of hedging contracts against the US dollar surplus that is expected to arise.

The Group's banking facilities are provided by Barclays Bank plc. The Group has a £10.0m multi-currency revolving credit facility which was renewed in February 2024. The agreement also includes a £7.5m uncommitted accordion facility to further increase available credit. This provides substantial headroom for future growth. Our covenants under this facility are EBITDA and interest cover measures, which have both been met throughout the year.

Net defined benefit pension

The Group operates two defined benefit schemes in the UK. These comprise the Walker Greenbank Pension Plan and the Abaris Holdings Limited Pension Scheme. These were both closed to new members and to future service accrual from 30 June 2002 and 1 July 2005 respectively.

Contributions to the Walker Greenbank Pension Plan were made based on the deficit contribution schedules previously agreed with the schemes' trustees and include payments towards the ongoing expenses incurred in the running of the scheme.

During the year, the Company has made a one-off contribution of £2.3m to the Abaris Holdings Pension Scheme to support a Trustee decision to transfer all the scheme's risks to an insurer under a buy-in insurance policy investment. In addition to the agreed cash amount, the insurer has also received the Abaris Scheme's existing investments. Scheme administration and advisory costs, estimated to be approximately £0.7m in total (of which £0.3m was paid in FY2025), will continue to be paid by the Group over the life of the pension scheme but the core financial and demographic risks associated with funding member benefits has transferred to the insurer. The ongoing costs will not impact the Group's adjusted profit before tax. The agreement means that the Group will no longer be required to fund shortfalls to the Abaris Scheme, which might arise from changes in market conditions.

The methodology and assumptions prescribed for the purposes of IAS 19 mean that the Balance Sheet surplus or deficit, the Profit or Loss figures and the Statement of Comprehensive Income figures are inherently volatile and vary greatly according to investment market conditions at each accounting date. The Group has reported a net surplus of £2.3m on 31 January 2025 compared with a £0.9m net liability on 31 January 2024. Further details of these movements are disclosed in note 20 to the financial statements.

Dividend

During the financial year, an interim dividend of 0.50p per share was paid on 29 November 2024.

A final dividend of 1.00p is now proposed taking the full year dividend to 1.50p. This payment will be made on 8 August 2025 to the shareholders registered on the Company's register on 11 July 2025 if approved at the Company's forthcoming Annual General Meeting, with an ex-dividend date of 10 July 2025.

This 1/3 : 2/3 split between the interim and final dividend is possible, despite the challenging market conditions, due to the strength of the Group's balance sheet and our cash reserves of over £5m.

The Board remains committed to returning to a progressive dividend policy when trading conditions improve.

Capital allocation policy

We remain committed to retaining a strong balance sheet.

Our forward capital expenditure programme is closely aligned to our Live Beautiful strategy with capital maintenance projects only being approved if they can be proven to support us on our journey.

We continue to support the defined benefit Walker Greenbank Pension Plan and will look at whether there is appropriate action which could be taken to help reduce the risks of this Plan within our wider business objectives.

Going concern





The Directors reviewed a Management Base Case model and considered the uncertain political and economic environment that we are operating in. In our assessment of going concern the Directors consider that, having reviewed forecasts prepared by the management team which have been stress tested, the Group has adequate resources to continue trading for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details of the review are disclosed in note 1 to the financial statements.

Mike Woodcock

Chief Financial Officer
29 April 2025

Key Performance Indicators

Revenue £100.4m

| | | |
|----|---|--------------|
| 25 |  | 100.4 |
| 24 |  | 108.6 |
| 23 |  | 112.0 |
| 22 |  | 112.2 |

Total current year revenue.

Capital expenditure £4.1m

| | | |
|----|---|------------|
| 25 |  | 4.1 |
| 24 |  | 3.3 |
| 23 |  | 4.8 |
| 22 |  | 2.1 |

Total capital expenditure less proceeds from disposal for the year.

Adjusted earnings per share 3.92 pence

| | | |
|----|---|-------------|
| 25 |  | 3.92 |
| 24 |  | 13.74 |
| 23 |  | 14.18 |
| 22 |  | 13.75 |

Underlying earnings adjusted for accounting charges relating to the share-based incentives, defined benefit pension charge and non-underlying items, less tax at the effective rate, divided by the weighted average number of shares in issue during the year.

(Loss)/profit before tax £(13.9)m

| | | |
|----|---|---------------|
| 25 |  | (13.9) |
| 24 |  | 10.4 |
| 23 |  | 10.9 |
| 22 |  | 10.4 |


Statutory (loss)/profit before tax.

Basic (loss)/earnings per share (21.22) pence

| | | |
|----|---|----------------|
| 25 |  | (21.22) |
| 24 |  | 11.46 |
| 23 |  | 12.42 |
| 22 |  | 10.93 |

Profit after tax, divided by the weighted average number of shares in issue during the year.

Inventory £27.2m

| | | |
|----|--|-------------|
| 25 |  | 27.2 |
| 24 |  | 26.7 |
| 23 |  | 27.8 |
| 22 |  | 22.7 |

Year end total inventory, net of provision.

Cash £5.8m

| | | |
|----|---|------------|
| 25 |  | 5.8 |
| 24 |  | 16.3 |
| 23 |  | 15.4 |
| 22 |  | 19.1 |

Year end cash and cash equivalents less borrowings and leases. Borrowings do not include lease liabilities.

Adjusted underlying profit before tax £4.4m

| | | |
|----|---|------------|
| 25 |  | 4.4 |
| 24 |  | 12.2 |
| 23 |  | 12.6 |
| 22 |  | 12.5 |

Underlying profit before tax adjusted for the share-based incentives, defined benefit pension charge and non-underlying items.

Stakeholder Engagement

The Board places great emphasis on the consideration of stakeholders in its thinking and decision-making. The various needs and views of our stakeholders are considered by colleagues and leaders throughout the business, and form part of the business updates presented to the Board.

Details of our key stakeholders and how we engage with them are set out in the following table.

| | Why we focus on these stakeholders | What matters to them | How we engage and respond | How the Board has taken account of these interests |
|------------------------------|--|--|--|---|
| Colleagues | Our people are at the heart of the Group and we want them to be successful individually and as a team. Our investment in our people protects and strengthens our culture and organisation capability. Our goal is to be the Employer of Choice in our industry. Through our Work Beautiful people strategy, we aim to provide an inclusive and inspiring workplace in a commercially successful company. We embrace empowerment, development and growth underpinned by a strong focus on health, safety and wellbeing. | <ul style="list-style-type: none"> • An inclusive, diverse and respectful working environment • Fair and equitable pay and benefits • Open and transparent two-way communication • Opportunities for learning and career development • Health and wellbeing | <p>The Board ensures its understanding of colleagues' interests through a variety of forums which include:</p> <ul style="list-style-type: none"> • engagement surveys • site visits • face-to-face briefings • newsletters • internal communities | <p>The Board is updated regularly with what is important to our colleagues. There is regular review of health and safety and wellbeing programmes.</p> <p>During the year the Board has reviewed the reward, recognition, benefit and employee support programmes available to all employees as well as upholding the commitment to the Real Living Wage, and the all-employee bonus scheme, enabling all colleagues to share in the Company's success.</p> <p>A focused review of talent, succession planning and inclusivity programmes form part of the Board's meeting calendar.</p> <p>Read more about how we engage with our people in our Live Beautiful sustainability strategy.</p> |
| Customers and Clients | Good relations with our customers are important for the success of our business. | <ul style="list-style-type: none"> • Beautiful, good quality and sustainable products which have been ethically sourced • Excellent service and ease of buying • Employees and suppliers to be treated fairly | <p>We have a diverse customer base across trade, interior design, contract and hospitality, as well as the homeowner spread across different geographies.</p> <p>Considerable time is spent analysing customer trends and reviewing customer feedback to understand their needs and how we can improve our customer service and new product development.</p> | <p>As part of regular monthly reporting, the Board is appraised of customer and social media engagement after feedback and information, as well as service level fulfilment statistical information to better understand the needs and wants of customers and improve the customer experience.</p> <p>The Board has continued with the programme of investment in IT systems and projects to improve the order process for customers and suppliers.</p> <p>The Board has reviewed continued cost-effective investment in digital marketing systems to enhance communication both internally and externally.</p> <p>Read more about how we engage with customers and product development within the CEO Review and our Live Beautiful sustainability strategy.</p> |

Stakeholder Engagement continued

| | Why we focus on these stakeholders | What matters to them | How we engage and respond | How the Board has taken account of these interests |
|----------------------------------|---|---|---|---|
| Shareholders | <p>As owners of the Group, we recognise the importance of delivering value to our shareholders and their opinions are important to us.</p> <p>We aim to secure long-term sustainable growth and returns by delivering our strategy.</p> | <ul style="list-style-type: none"> • Robust operating and financial performance supported by a strong strategy • Sustainable income and capital growth • Progressive dividend policy • ESG performance | <p>We maintain a regular dialogue with our shareholders and actively engage with them as part of our investor roadshows following our half year and full year results presentations.</p> <p>Communication methods include investor presentations, regulatory reports and market announcements.</p> <p>The AGM is an important opportunity for all shareholders to meet with the Board.</p> <p>The Company website has an Investors section giving access to business information, reports and presentations; there is also an enquiry mailbox facility.</p> | <p>Discussions with shareholders cover a wide range of topics including financial performance, strategy, outlook and governance.</p> <p>Shareholder feedback along with details of movements in our shareholder base are regularly reported to and discussed by the Board and their views are considered as part of decision-making.</p> <p>Our NOMAD has regular discussion and review with the Board and advises on wider market-related sentiment. Feedback received is considered by the Board where it impacts on strategy.</p> <p>Read more about how we engage with shareholders in our Corporate Governance Report.</p> |
| Suppliers | <p>An excellent supply chain is key to our business and we look for genuine partnerships that provide a real point of difference.</p> | <ul style="list-style-type: none"> • Ethical and fair dealings that protect human rights • Prompt and fair payments • Open communication and transparency | <p>We aim to build strong long-term relationships with our key suppliers to develop mutually beneficial and lasting relationships.</p> <p>We work with our suppliers to monitor consumer trends and changing tastes allowing us to evolve and offer differentiated product offerings.</p> | <p>The Board recognises that relationships with suppliers are important to the Group's long-term success.</p> <p>Feedback from attendance at trade events forms part of the Board presentations as well as regular dialogue between our management team and those of our suppliers on increasing efficiency.</p> <p>Key areas of focus include product development and innovation, with focus on health and safety and sustainability.</p> <p>Read more about how we engage with our suppliers in our Live Beautiful sustainability strategy.</p> |
| Communities | <p>We operate from a number of different sites and seek to be a good neighbour with the local communities and to build trust and understand the local issues that are important to them.</p> | <ul style="list-style-type: none"> • Supporting community and charitable causes • Providing employment opportunities • Reducing the environmental impacts of our activities including carbon emissions, energy and water | <p>We create opportunities to recruit and develop local people and help to support the local economy and look after the environment. Local charities and fund-raising are supported, often through product and time donations.</p> | <p>The Board recognises the importance of good community relations with both internal and external stakeholders as well as our wider social responsibilities.</p> <p>The impact of our operations from an environmental perspective, both locally and globally, is recognised e.g. capital expenditure projects focused on efficiency and reducing environmental emissions.</p> <p>Read more about how we engage with our local communities in our Live Beautiful sustainability strategy.</p> |
| Government and regulators | <p>We wish to operate in an ethical way and in compliance with laws and regulations.</p> | <ul style="list-style-type: none"> • Compliance with legislation • Acting fairly and ethically | <p>The Group has professional advisers in terms of legal, tax and regulatory compliance and all Directors have access to independent advice.</p> | <p>The Board is updated on legal and regulatory developments and takes these into account when considering future actions.</p> <p>Key areas of focus for the Board are compliance with laws and regulations, health and safety and wellbeing of employees and users of our products.</p> <p>Read more about how we ensure compliance in our Live Beautiful sustainability strategy and in our Corporate Governance report.</p> |

Section 172 Statement

On the discharge of Directors' duties

In compliance with the Companies Act 2006, the Board of Directors is required to act in accordance with a set of general duties. During the year ended 31 January 2025, the Board of Directors consider they have, individually and collectively, acted in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole, having regard to a number of broader matters including:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

The Board recognises the importance of building and maintaining relationships with its key stakeholders, and considering the external and internal impact of the Group's operations, in order to achieve long-term success.

Our Group comprises a number of business units, all of which have engagement with their own unique stakeholders as well as the other parts of the business that form the Group. The Group's governance delegation of authority framework allows local decision-making at business unit level up to defined limits and is monitored by the Board. This allows the individual business units to take account of the needs of their own stakeholders in their decision-making, whilst the Board routinely monitors and retains ultimate responsibility.

The Group Leadership Team ('GLT'), which comprises the leaders of each business unit, meets weekly and reports and presentations are made to the Board by the GLT regarding strategy, performance and key decisions taken.

In its consideration of decisions and actions to be taken in approval of business projects and the Group's strategy, the Board takes care to have regard to the likely consequences on all stakeholders of the decisions and actions they take. Where possible, decisions are carefully discussed with affected groups so as to ensure they are understood and supported, when actions are implemented.

The Board recognises the value of engaging with all of its stakeholders and building strong relationships with them, to understand what matters to them and their changing needs, which helps inform strategic decision making and ensures our long-term success.

More information about our key stakeholders and how we engage with them can be found on pages 25 and 26, Stakeholder Engagement.

Principal decisions taken during the year

| Principal decision | Stakeholders | Commentary |
|---------------------------------------|--|--|
| Future Factory | Colleagues Customers Suppliers Shareholders | During the year it was decided to pursue a Future Factory strategy, with the vision to ensure we have a sustainable British design led interiors manufacturing company that will thrive for the next decade and beyond. This end-to-end strategy focuses on supply and manufacturing, design and technical, and sales and marketing. All processes have been reviewed and challenged to ensure they support agility and align with customer requirements. This included a review of digital and conventional printing methods, with the intention of adopting a digital-first approach and using conventional printing for only select high-end value adding products. |
| Digital transformation to omnichannel | Customers Colleagues Shareholders | The Board approved the launch of a new Direct-to-Consumer channel to increase brand awareness and drive sales growth. This platform would overhaul the customer experience, and help future-proof the business in a changing market landscape, particularly in the UK. The digital approach would support in gathering customer insights, and allow the Company to respond and be agile to demand. |

Live Beautiful

Delivering sustainability

It is now four years since we launched our Live Beautiful framework in April 2021. We have made great strides in all of the three pillars of People, Product and Planet.

These are at the heart of our overall business strategy and continue to drive our focus on far more than our social responsibility. Our original medium-term plan was focused on the three-year horizon, so we now have an opportunity to review our progress and realign for the next two years.

At the core of our Live Beautiful strategy remains our desire to ensure we preserve our heritage and craftsmanship for future generations to enjoy. We remain true to our vision: “To lead the interiors industry in transforming the way we design, manufacture and distribute, enriching people’s lives to Live Beautiful”.

We believe in creating beautiful designs that stand the test of time—while protecting the world around us. That’s why we’re proud to announce that we are now FSC™ certified. This certification ensures that the majority of our wallpapers are printed on responsibly sourced paper, helping to protect forests and wildlife for future generations, supporting biodiversity and ethical forestry practices. It’s a significant step forward in our Live Beautiful sustainability journey and reinforces our commitment to responsible sourcing.

This progress is a testament to our Supplier Development Team for leading this initiative, ensuring that sustainability remains at the core of our business.

This certification builds on Anstey’s existing FSC™ certification, further solidifying our Group-wide dedication to positive environmental change.

Reimagine our product lifecycle

Addressing nine of the UN’s Sustainable Development Goals.

Our Live Beautiful framework

Brands

Elevate our brands and create consumer demand

Product

Reimagine our products: fabric, wallpaper, paint and homewares

Customers

Exceed our customers’ needs in a digital world

Geographies

Grow our UK, USA and Northern European businesses

People – Empower our people

Financial health – Tightly manage our inventory, cash, overheads and collection management (SKU efficiency)

Planet – Inspire our world



Clarke & Clarke | Harlequin | Morris & Co. | Sanderson | Scion | Zoffany | Anstey Wallpaper Company | Standfast & Barracks

People

People are at the heart of our Group and a fundamental pillar of our Live Beautiful strategy.

This is unified around our values to be Intrepid, Imaginative and Respectful. Our employees drive our Live Beautiful strategy, from talented creative teams and highly skilled craftspeople to knowledgeable sales and office-based colleagues; all our people play an important role.

We are committed to being the employer of choice in our industry, providing an inclusive and inspiring workplace in a commercially successful company. Our people represent our biggest asset, and so the ability of the Group to attract and retain talent and build critical capability at the pace required is fundamental to the delivery of the Group's strategic objectives. We do this through fostering a dynamic, growth culture where all employees feel engaged and able to contribute. As we look ahead, we remain committed to further empowering and equipping our leaders, strengthening capabilities and expanding our talent plans. At the same time, we are focused on simplifying how we work, driving positive change and building a more sustainable and efficient future across every part of our business.

Work Beautiful

Over the last year we have developed a new People strategy designed to make "Work Beautiful", bringing the beautiful into our team's working lives, creating One Sanderson Design Group. Our strategy focuses on four key pillars: Talent & Succession, Learning & Career Development, Reward & Recognition and Inclusion & Engagement. While this is 3–5-year plan, progress has been made across all pillars throughout FY2025.

Talent & Succession

We introduced strategic workforce planning into the Group in FY2025, taking the Company strategy and working with leaders across the business to identify organisation, capability and talent needs. The outputs from this work have been used in several ways already. Leadership succession plans have enabled us to identify key current and future gaps. We have prioritised strategic leadership

recruitment in Finance, Sales and Operations in particular, to build our internal capability and future talent pipelines. Our continued focus on the US has seen us further strengthen our in-country sales team with the appointment of a Senior Vice President, Sales.

Changes to organisation structure and building of wider team capability have also been highlighted through the workforce plan. Strategic pivots together with economic challenges have expedited our activity in this area over FY2025 with organisation changes made in our Operations and Commercial teams, supported by investment in functional development to set teams up for future success. These changes led to 43 people leaving the business through redundancy. Our priority was to ensure impacted colleagues were treated fairly and with respect through this change.

Learning & Career Development

Over the last 12 months, we have redefined our approach to learning across the Group, focusing on building a culture of empowered, self-led learning facilitated by great everyday development conversations and underpinned by an evolving suite of learning materials. We aim to create an inclusive, high-performance culture in an environment where people can do their best work and in a way that promotes our cultural values.

The strategic workforce plan coupled with the outcomes from our engagement survey provided a clear focus for our learning investment for FY2025.



Live Beautiful continued

Leadership and line management development has been the first priority. We invested in inclusion learning to support our senior leaders in role modelling the inclusive culture we are aiming to build. We have trialled Insights Discovery training with 35 people from four management teams across the business, targeted at building self-awareness and appreciation of difference in others. Following a positive response, this will be rolled out to managers across the business in the year ahead, providing the basis for our Line Manager development work.

Further requirements for Line Manager development have been scoped and the first module was launched in FY2025. This focuses on performance development and giving feedback, key to helping us create the foundations for our culture of great everyday development conversations. By the end of Q1 in FY25, all 98 of our Line Managers will have completed this training. Further modules will launch across FY2026, enabling our Line Managers to build their own leadership capability and create the conditions for their teams to thrive.

Our commitment to early years career development has continued in FY2025. Twelve of our employees successfully completed the Level 3 CMI-accredited leadership scheme with two of them choosing to continue to the Level 5 accredited programme in 2025. A new cohort of six people have enrolled for the Level 3 apprenticeship in the year ahead with two more being selected for the 2025 Level 5 programme. New apprenticeship opportunities have been identified in 2024 with courses for Project Management, Data Essentials, IT Developer and People Professionals highlighted. Through these various schemes we are supporting our employees to develop their skills and capability in operational and financial management.

Reward & Recognition

Our Remuneration Committee ensures a competitive total reward offering, both financial and non-financial, to retain our people and attract new hires. During the year the team benefited from our continued commitment to being a Real Living Wage employer.

Our competitive benefits package has been further enhanced in 2024 with the introduction of a cycle to work scheme and following our head office move to Voysey House in London, the launch of a season ticket loan facility.

We ran roadshows across the Group to build knowledge of our wellbeing offer leading to an increase in utilisation rates.

We celebrate key service milestones across the Group. Of particular note in 2024 was our celebration of the 40-year anniversaries for six members of our team. This is an amazing achievement and testament to the opportunities provided for our employees to build fulfilling careers in our business.

Inclusion & Engagement

2024 saw the centenary of our Standfast & Barracks business. Throughout the year we celebrated the achievements of those who have worked at the site across the century, holding events including an exhibition at Lancaster Museum, supporting a show at Light Up Lancaster, a Centenary celebration day on site and a summer party for current and former employees. We also supported a number of local charities across the year including Lancaster Brownies and Guides, Lancaster Bulldogs Wheelchair Basketball and Lancaster City Girls Football Club.

In June 2024 we completed the relocation of our Head Office to Voysey House in Chiswick. The new office provides an inspirational working space that has enabled greater collaboration and learning. Following the move an increasing number of people are choosing to come into the office, building stronger relationships and business understanding across teams and promoting a culture of engagement and inclusion.

Our commitment to engaging with our employees regularly has continued in FY2025. We worked hard to further develop a two-way culture of listening, where employees feel free to share their views, and can see their feedback acknowledged and acted upon.

Our communication work has had several elements. On a weekly basis our CEO shares a newsletter or video message to all employees to keep up to date with what is happening across the whole business.

We have completed a refresh of our employee intranet, introducing initiatives such as 'Team Talk Tuesday' spotlighting employees from across the Group on a weekly basis and the 'Sanderson Advent Calendar' which saw colleagues across the globe receiving seasonal gifts if their names were hidden behind the virtual advent doors. Across the site we have updated content to ensure it is engaging and relevant and from this have seen a significant increase in both views and time spent on the site. We have launched Microsoft Engage as our internal social media channel and this is being adopted by people across the Group.

We ran our biannual Group engagement survey in 2024 with a response rate of 71% and an overall engagement rate of 69% which was a 6% improvement on the Great Place to Work Survey we ran in 2023. The results were shared across the business leading to positive discussions and targeted actions at team and business levels. The key priorities from the survey have been learning and development, communication and recognition, all of which we have been working on throughout the year.

Our continuing strategic-focus on 'US First' saw us holding our first in-person international US conference. Members of the Group Senior Leadership team hosted a three-day event with our US team exploring opportunities to further develop a One Sanderson Design Group approach. The successful inaugural event included running team building activities, developing brand awareness and equity through brand storytelling, introducing new collections and sharing market feedback to enhance collective knowledge.

We continued to build a diverse, open and inclusive culture where all perspectives are valued. 2024 saw us launch our first inclusivity network, PRIDE at Sanderson. This employee driven network has attracted members from UK and international

teams, running events and sharing stories designed to build knowledge and awareness of the LGBTQ+ community.

We are committed to supporting the people and communities touched by our operations and beyond. Through our volunteering scheme employees have been able to give their time to support their chosen causes. The Company is also proud to support charities around the UK and in the US. Our nominated charity partners for FY2025 included LOROS hospice in Leicester, The Henry Allen Trust supporting children with cancer, Anna Kennedy Online, campaigning to help people diagnosed with Autism and North Jersey Friendship House in the USA. Teams across the business raised money through sponsorship events, internal product sales and made food or clothing donations.

We have continued to support our communities through providing local open days hosted by local team members, aimed at helping people better understand our operations. We have also continued our collaborations with local schools, providing insight to pupils about careers in manufacturing and the creative sector. The Company also donated several beautiful trees to Chiswick House & Gardens in support of their garden recovery work.

In FY2025 we continued to partner with QEST, the Queen Elizabeth Scholarship Trust, to promote excellence in British craft. Highlights for the year included awarding the inaugural QEST Sanderson Rising Star Craft Award to Hanny Newton. This prestigious award honours early-to-mid career craftspeople with two to seven years of experience, celebrating those who demonstrate exceptional skill, dedication, and a positive impact on both their communities and the wider craft sector. We also donated our product to a second life auction raising funds for QEST scholars directly. The team in Lancaster hosted a National Saturday Club event for children from the Lancashire area to explore more about careers in craft and manufacturing and our Anstey team supported a county-wide careers event run by QEST to support children in their area.

Reimagining the product lifecycle

As part of our sustainability strategy, we continue to re-examine and reimagine the entire lifecycle of our products, from sourcing raw materials to manufacturing, sales, and distribution. By embracing innovation and responsible sourcing, we aim to reduce environmental impact while honoring the heritage of our brands and the craftsmanship behind our designs.

Key initiatives include:

- A successful transition to more sustainable packaging across our warehouses, including recycled cardboard and plastic for fabric protection, paper-based document wallets, and paper tape for most packaging, with remaining plastic tape now 70% recycled.
- Our in-house fabric printer, Standfast & Barracks, continues its collaboration with the SEAQUAL Initiative, using upcycled marine plastic to create recycled fabric bases for printed fabrics.
- Our in-house wallcovering printer, Anstey Wallpaper Company, offers an eco non-woven substrate made from 100% recycled PET.
- Both manufacturing sites continue to use the Ecofast™ pigment-based printing system, significantly reducing water consumption.
- The C&C pattern books are fully recyclable (except for the fabrics), eliminating plastic and using water-based glues.
- We are working with suppliers committed to sourcing Better Cotton ('BC'), which supports sustainable farming practices, local communities, and responsible cotton production.
- We have expanded the use of C0 fabric treatments (water repellant finishing) across several collections, including Harlequin and Zoffany. These treatments are PFC free, biodegradable, and non-toxic, making them the most environmentally friendly option.
- Continued to introduce products incorporating recycled materials, such as Harlequin Ario, which blends polyester and cotton.
- We have increased the mix of digital wallpapers in brand collections, which require less water, energy, and chemicals to produce.
- To ensure our wallpaper is now sourced more responsibly Sanderson Design Group decided to become FSC™ certified. The Forest Stewardship Council™ (FSC) is dedicated to the promotion of responsible forest management worldwide, helping take care of forests and the people and wildlife that call them home for future generations. That's why the majority of Sanderson Design Group's wallpaper is now proudly FSC certified, Licence Code FSC-C210726.

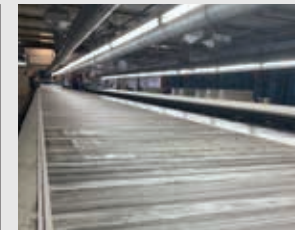
Preserving craftsmanship through printing techniques:

A core element of Live Beautiful is our commitment to protecting and celebrating traditional craftsmanship. Our expertise in printing techniques ensures that heritage skills are upheld while allowing for innovation and creativity in design.



Block Printing

This highly skilled technique creates rich textures and a handcrafted aesthetic, delivering a uniquely authentic finish.



Traditional Flatbed Printing

A time-honoured process in which designs are carefully applied to fabric through flat screens. This method allows for intricate patterns with up to 24 colours in a single design, each screen contributing a different layer of detail.



Modern Long Table Printing

Originating in the 1940s, this refined silk screen-inspired method enables exploration across a range of materials and specialist finishes. The process incorporates opaque, metallic, and pearl inks, enhancing designs with depth and dynamic effects.

Committing to net carbon zero

We have been collaborating closely with Planet Mark in our pursuit of carbon neutrality, an ambitious target and a cornerstone of our sustainability strategy.

We are delighted to have been awarded our Planet Mark Year 7 certification earlier this year, achieving a further 8.1% absolute carbon reduction. This is for the financial year ending 31 January 2025 and means that we have achieved continued reduction in our carbon emissions over the last seven years, since we started working with Planet Mark in 2018.

We have achieved significant reductions in Scope 1 and Scope 2 emissions through a series of key initiatives. At Anstey Wallpaper Company, we have invested in the latest printing technology, including the Durst Alpha 190 wallpaper printing line, which uses water-based inks certified to the Global Organic Textile Standard ('GOTS') and OEKO-TEX® Standard 100. This system operates without gas and uses only renewable electricity, helping to reduce both energy consumption and waste. Similarly, we have expanded the use of Ecofast™ pigment-based digital printing at Standfast & Barracks, providing a more sustainable alternative for high-definition, multi-colour performance fabrics. This process significantly lowers water and energy consumption compared to traditional printing methods.



Further improvements at Standfast & Barracks include the upgrade of key equipment, such as continuous steaming solutions, which reduce energy usage in the finishing process. A new sampling mini-steamer has also been introduced to optimise colour adjustments. In addition, we have realigned work patterns to ensure the most efficient use of steam during the working week, which has resulted in a 20% reduction in gas consumption.

We are also committed to reducing emissions from our transport fleet by transitioning to hybrid and fully electric company vehicles. Onsite, we've installed LED lighting across our manufacturing sites in Lancaster, Loughborough, and warehouses in Milton Keynes, further lowering energy consumption. We also have energy champions

across all our sites, promoting energy-saving initiatives. In addition, we continue to implement a range of ongoing measures, such as air and steam leak audits, optimised work schedules, and ongoing investments in both new equipment and the refurbishment of existing assets, all aimed at further reducing our environmental impact.

By reducing our carbon footprint, we are addressing nine of the United Nations' Sustainable Development Goals. The UN SDGs reflect an understanding that sustainable development everywhere must integrate economic growth, social wellbeing and environmental protection.



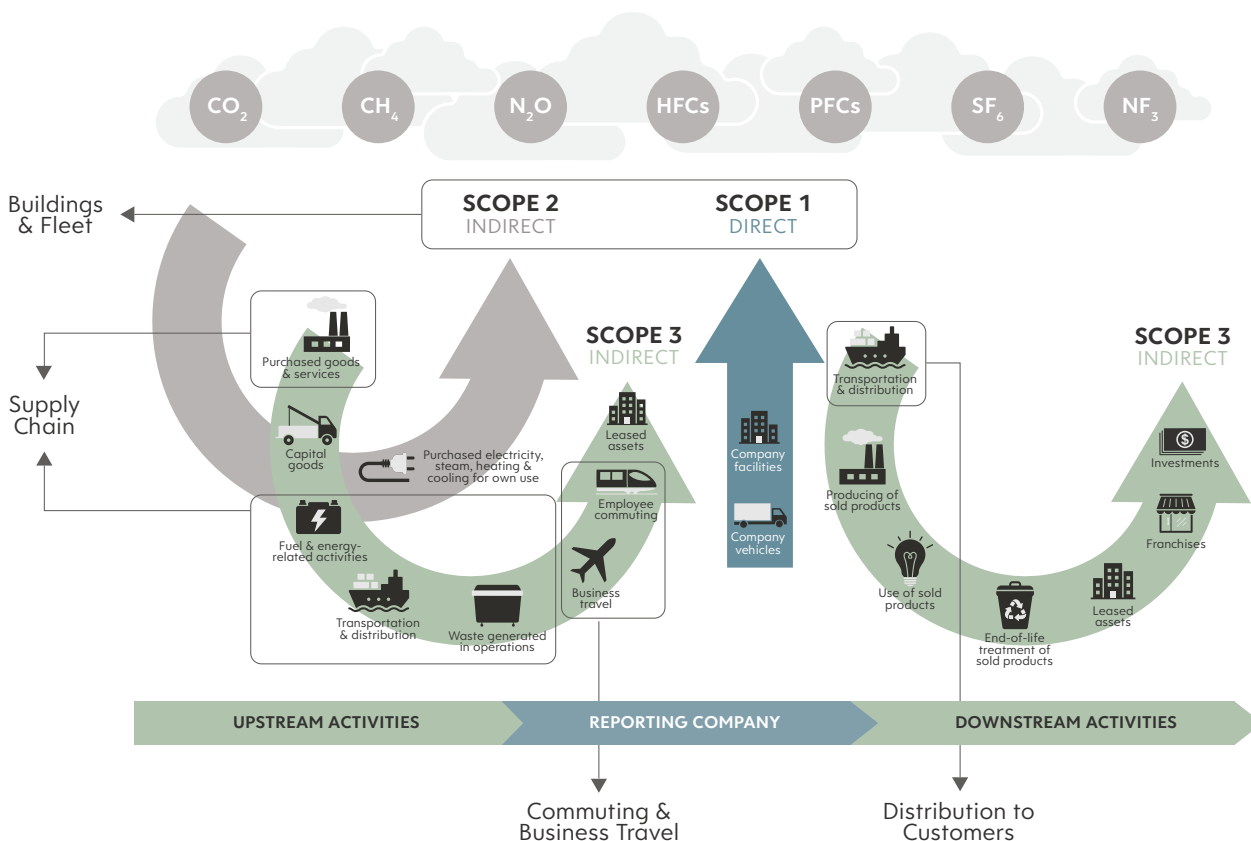
Greenhouse Gas Emission and Energy Consumption Reporting

Planet Mark's ZeroBy30 programme requires organisations to commit to a rigorous and transparent definition of net zero carbon, which is aligned to the net zero requirements set out by the UN Race to Zero and Science Based Targets initiative ('SBTi'):

- Direct greenhouse gas emissions from owned or controlled resources and electricity (Scope 1 & 2) emissions have a target of zero.
- Indirect emissions (Scope 3) must be reduced by at least 50% by 2030 against the baseline year and must continue to be reduced after 2030 by at least 90% against the baseline by 2050.

- Residual carbon remaining at the net zero target date must be balanced by carbon removal schemes (note that these differ from carbon offsets, which avoid or mitigate carbon).

The carbon reduction forecast/target trajectory each year to FY2031 has been modelled and provides annual targets for each element of the roadmap, together with the estimated financial impact where applicable. The financial forecast is a 'worst case scenario' based on current pricing and technology. Costs, especially capital investments, may reduce as the marketplace evolves and technology matures. Impact of business growth has been factored into the carbon forecast for Supply Chain and Distribution to Customers, where a direct impact on carbon is anticipated.



SECR METHODOLOGY

We have reported our GHG emissions and energy consumption in accordance with the Companies and Limited Liability Partnership Regulations. To calculate our emissions, we have followed the GHG Protocol Corporate Accounting and Reporting Standard and the emissions factors.

Our Scope 1 emissions were calculated through monthly meter readings and invoice data for stationary emissions and mileage data for mobile emissions. Company vehicle emissions are based on the size, fuel type and annual mileage of each company car during the year.

Our Scope 2 emissions were calculated through monthly meter readings and invoice data, showing market-based emission factors to reflect the change in electricity supply to 100% renewable sourced. We have also calculated our intensity metric both as location and market based.

Our Scope 3 emissions data is business travel in private cars, calculated from refunded business mileage, and emissions from UK Electricity Transmission and Distribution. An average CV and CO₂e factor have been applied to the refunded business mileage as individual private vehicle details have not been provided.

The Group has reported on greenhouse gas emissions in line with the UK Government's Environmental Reporting Guidelines, including Streamlined Energy and Carbon Reporting ('SECR') guidance.

The Group's UK energy usage is expressed as an annual quantity of emissions in tonnes of carbon dioxide equivalent ('CO₂e'). The amounts disclosed under SECR relate to the total UK energy use from electricity, gas and from transport where fuel is purchased directly by the Company.

The table on the next page shows the energy and GHG emissions from business activities involving the combustion of gas and fuels, the purchase of electricity, and business mileage.

Greenhouse Gas Emission and Energy Consumption Reporting continued

We are delighted that the initiatives we have put in place to reduce our carbon footprint has resulted in a further 8.1% reduction in location based CO₂ equivalent emissions over the past year.

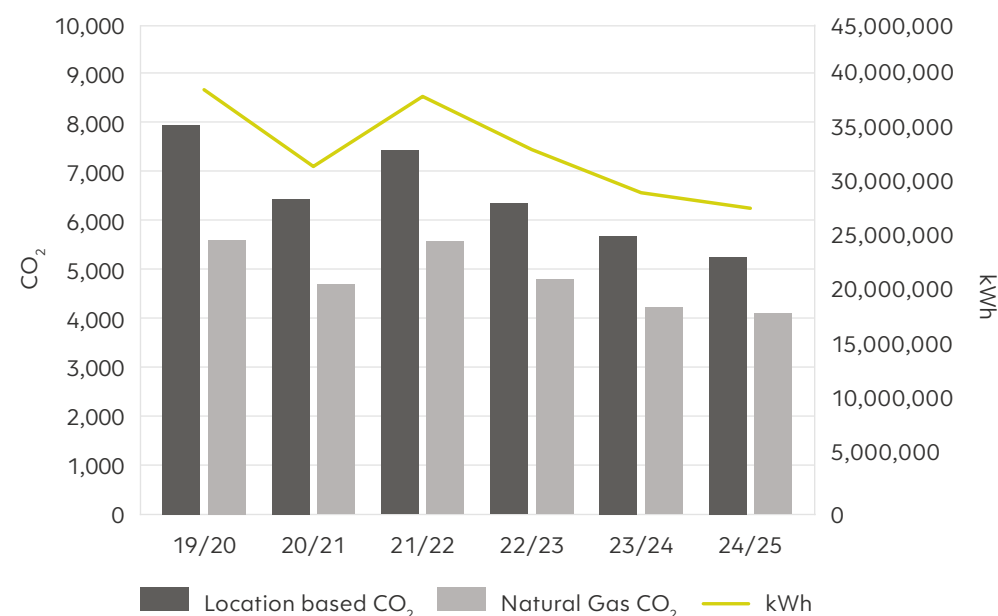
| Tonnes CO ₂ e Greenhouse Gas Emissions ¹ | | FY2025 | FY2024 |
|--|-----------------------------|---------------------|--------------|
| Scope 1 | | 3,968.2 | 4,336.5 |
| Scope 2 | Location based ² | 1,145.9 | 1,234.4 |
| | Market based ³ | 11.4 | 12.8 |
| Scope 3 | | 136.4 | 132.2 |
| Total Greenhouse Gas Emissions | Location based ² | 5,246.4 | 5,707.2 |
| | Market based ³ | 4,113.3 | 4,484.3 |
| Carbon intensity (per £1m Revenue) | Location based ² | 52.3 | 51.0 |
| | Market based ³ | 41.0 | 40.0 |
| Total Energy Use kWh | | 27,300,170.3 | 29,659,628.6 |

¹ Data is presented on a like-for-like basis following scope reclassifications during the year.

² Location based method is based on average energy generation emission factors for defined locations.

³ Market based method is based on GHG emissions emitted by the generators from which the organisation contractually purchases electricity.

Location based CO₂ emissions and kWh consumption



We have selected a carbon intensity metric based on the energy consumption per tonnes of CO₂e per £1m of revenue. We will use this ratio to monitor our energy efficiency performance over time.

Our total energy use, greenhouse gas emissions and intensity ratio calculations have been independently calculated by Planet Mark using activity data collected by us.

Energy efficiency actions taken

Progress to improve our energy usage has been underpinned by:

Anstey:

- Compressed airlines have been redesigned to increase efficiency of the main compressors, allowing a reduction in running hours.
- Completed the installation of LED lights across most of the location.
- Our digital, SRC and main trim extract system can now run on an 18.5kw 24-hour compressor. This allows the two main 45kw compressors to be switched off overnight and during the weekend, while our digital systems are running.
- Air isolation valves have been installed on RG1, G7 and G8 to reduce air loss when the machines are not in use.

Standfast:

- Rooms are now heated with electric oil heaters with the intention of reducing carbon emissions.
- Automatic isolation valves were installed at key parts of the system in the boiler house.
- Datalogging on our compressed air system is currently in process.

Climate-related Financial Disclosure Regulations

Introduction

We have aligned our climate-related financial disclosures to the Climate-related Financial Disclosure Regulations 2022 (SI 2022/31). This report describes the work that was carried out in FY2025 to identify, assess, and manage the climate-related risks and opportunities that are relevant and material to the business. This year the report also describes our initial understanding of climate-related financial impacts to the business.

Governance

Governance structure for climate-related issues

The Board has oversight of climate-related issues and is supported by the Group Operations Director, whose role is to keep the Board informed of all relevant climate-related issues and any necessary actions that need to be taken, and approved by the Board if necessary, on a quarterly basis as a standard agenda item. Risks are identified using a top-down approach in consultation with management of each business area. Board oversight is through regular updates at Board meetings including a biannual review of the Groupwide risk register (which incorporates climate-related risks).

With the support of the Sustainability Co-ordinator, the Group Operations Director is responsible for delivering the Group's Live Beautiful framework. Reducing our environmental impact is a core pillar in the framework, as is addressing all climate change-related issues that impact our business. Both the CEO and CFO are ultimately responsible, with oversight by the Non-executive Directors, for driving the Live Beautiful sustainability strategy.

The Executive Directors' annual bonus is directly linked to at least one of our ESG objectives and achieving annual Planet Mark Business Certification is part of this. These incentives were established to drive the sustainability agenda forward and ensure we progress towards our net carbon zero ambition.

In FY2025, the Board has put in place a methodology to report ESG considerations for capital expenditure projects in order to drive forward with our net carbon zero target and build resilience to the impacts of climate change.

Management's role

It is the responsibility of the Group Operations Director to manage climate-related issues and performance, as well as the development and implementation of our sustainability strategy. During the course of the climate-related assessment, our business functions were consulted to ensure their views were suitably reflected. Sanderson Design Group also engages with government bodies and trade bodies to identify existing and emerging regulatory requirements related to climate change as part of a broader bi-annual horizon scanning exercise.

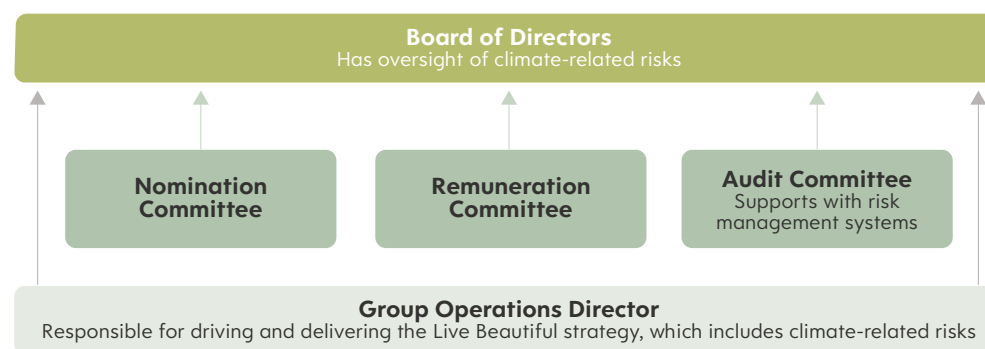
An example of one of the measures that have been implemented to address climate-related risks is our recent engagement with existing suppliers to identify carbon hotspots within the value chain, with the objective of helping suppliers reduce their own operational emissions and increase resilience to climate-related risks.

Strategy

Climate scenario analysis process

We have completed a Group-wide assessment of climate-related risks and opportunities. Climate scenario analysis is being carried out in two phases:

- **Phase 1 in Financial Year End 2024 (1 February 2023 – 31 January 2024): Qualitative risks and opportunities**
We completed the first phase of this analysis by carrying out a qualitative assessment of identified climate-related risks and opportunities across climate scenarios, which scores and ranks the most material climate-related risks and opportunities and how these would affect our business.
- **Phase 2 in Financial Year End 2025 (1 February 2024 – 31 January 2025): Quantification of financial impact from material risks and opportunities, development of governance structure, and risk management integration**
In FY2025, we have continued with climate scenario analysis by estimating the potential financial impacts of a selection of material risks and opportunities. Outcomes are currently being incorporated in financial planning to help inform our business strategy. We will also look to continue developing our governance structure and risk management process to embed climate-related impacts in subsequent years.



Climate-related Financial Disclosure Regulations continued

Identified risks and opportunities

To be able to identify the relevant climate-related risks and opportunities to the business and their potential impacts, we have conducted peer benchmarking, desk-based research and stakeholder interviews. A list that identified the most material risks and opportunities was produced as well as better information on how climate-related impacts affect our operations and value chain. The tables on pages 37 to 41 set out the priority risks and opportunities.

Risk and opportunity assessment

The identified risks and opportunities were scored and ranked using three assessment criteria: vulnerability (combination of exposure, adaptive capacity and sensitivity), magnitude and likelihood across climate scenarios and time horizons.

Each risk and opportunity identified in Phase 1 was assessed over different time horizons:

- **Short-term:** 1 to 3 years (2024 to 2026), aligns with business risk and finance strategy in dealing with the most immediate events that might impact our business.
- **Medium-term:** 4 to 7 years (2027 to 2030), aligns with our ambition to achieve net carbon zero and developing long-term business resilience through our Live Beautiful framework.
- **Long-term:** 8 to 19 years (2031 to 2050), aligns with UK net zero targets to decarbonise the UK economy by 2050, anticipating any long-term effects of climate change. It aligns with the long-term Science Based Targets initiative (SBTi) Corporate Net Zero Standard's target of a 90% reduction of Scope 3 emissions by 2050, should this not be achieved earlier through the Group's near- and medium-term decarbonisation efforts.

A range of scenarios were selected to understand the potential impact of climate change under uncertain future outcomes. We have used three different scenarios, namely the Orderly, Disorderly and Hot House scenarios, to ensure that understanding of all different outcomes of climate change are considered.

For transition risks, we have utilised climate scenarios published by the Network for Greening the Financial System ('NGFS'), an open-source platform containing a variety of climate indicators including projections on energy demand, commodities prices etc. Looking at physical risks, we utilised climate projections from the IPCC WGI Interactive Atlas. The database outlines regional information on climate variations including precipitation, snowfall, wind, and temperature. The most recent climate model CMIP6 has the latest climate change projections available, allowing for an assessment over several shared socio-economic pathways (SSP1-2.6, SSP2-4.5 and SSP5-8.5).

| | Orderly Transition | Disorderly Transition | Hot House World |
|---|---|--|---|
| Approx. temperature increase by 2100 | 1.4° – 1.8°C | 1.6° – 2.7°C | 2.6° – 4.4°C |
| Scenario narrative | Decisive global policy action is taken to limit global warming from early 2020s. | Policy measures are delayed until late 2020s/ early 2030s. | No new policies are introduced leading to increasing physical impacts. |
| Scenario sources | <ul style="list-style-type: none"> • NGFS Orderly (net zero 2050) transition • REMIND-MAGPIE Net Zero scenario IPPC's SSP1-2.6 | <ul style="list-style-type: none"> • NGFS Disorderly (delayed) transition • REMIND-MAGPIE Delayed Action scenario IPPC's SSP2-4.5 | <ul style="list-style-type: none"> • NGFS Hot House World (current policies) • REMIND-MAGPIE Current Policy scenario IPPC's SSP5-8.5 |

Impact assessment of risks and opportunities

A qualitative assessment was conducted in conjunction with Planet Mark, where risks were prioritised on their overall risk score across all three scenarios and time horizons; the assessment was validated by the Group Operations Director. In the table below are the risks and opportunities identified as the most material to the Group and corresponding opportunities and mitigation actions.

Overall, we are not exposed to any material climate change risks in the defined time frames and climate scenarios. As we are already taking action to achieve net carbon zero through the Live Beautiful programme, the identified risks are perceived to have lower impact as decarbonisation measures and a supply chain engagement programme are already in place.

As society transitions to a low-carbon economy, customer preferences will shift towards sustainable products from organisations that actively address climate change matters. We are well positioned to expand our branding as a sustainable organisation, leveraging existing brands within our portfolio which have embraced sustainable practices.

Our actions strongly depend on the development of low-carbon technologies to achieve net carbon zero, which has been identified as being the most significant matter for us to closely monitor.

Transition Risks

Market Risks – Declining sales

Declining sales due to shifting customer sentiment towards more environmentally friendly products reduces revenues. Failure to attract new clients who have higher environmental concerns and retain existing customers who become increasingly aware of climate change impacts. Consumers are becoming more environmentally conscious and making purchases based on a product's environmental footprint, usage of sustainably sourced materials, animal welfare testing, etc.

| | SHORT | MEDIUM | LONG |
|------------|-------|--------|------|
| Orderly | ● | ● | ● |
| Disorderly | ● | ● | ● |
| Hot House | ● | ● | ● |

Scoring rationale: This risk is considered to have a very low to low impact to the business over the short and medium term, as customer sentiment is not likely to change overwhelmingly over the period of time. However, a higher score is attained when considering longer time frames, especially under the Orderly scenario, as more increased efforts to mitigate the acceleration of climate change and global warming are introduced.

Management actions:

1. Leverage existing brand portfolio with sustainable practices and expand to the wider Sanderson Design Group.

Linked opportunities: Access to new markets by increasing product portfolio of environmentally friendly products. By accessing new markets, we will be able to generate revenue from a new stream of products.

Market Risks – Increased cost of carbon removal projects

Increased price of carbon removal projects as more organisations sign up for net zero. We have communicated publicly the intention of using carbon removal projects after we have achieved our net zero target. As time moves forward, carbon removal projects will become increasingly popular, increasing in price as demand increases. We need to account for investment in such projects in our annual budgets as investment in carbon removal projects will become more expensive as demand for it increases.

| | SHORT | MEDIUM | LONG |
|------------|-------|--------|------|
| Orderly | ● | ● | ● |
| Disorderly | ● | ● | ● |
| Hot House | ● | ● | ● |

Scoring rationale: Although increased demand of carbon removal projects is expected under an Orderly and Disorderly scenario, our goal to achieve net zero carbon ensures we start investing early in carbon removal projects, anticipating any price surges due to demand.

Management actions:

1. Support the development of effective carbon removal projects by investing at the right time when demand is still relatively low. Prepare an appropriate residual emissions strategy forecasting the budget needed for investment.

Linked opportunities: Increased reputational recognition by supporting reputable removal projects which are a crucial part of reducing society's global footprint by capturing carbon dioxide from the atmosphere.

Market Risks – Suitably skilled personnel

The Group needs to hire the right personnel with the necessary skills to assist in the implementation of low-carbon technologies within our operations. Technology upgrades will require expert employees to deal with low-carbon manufacturing processes. If the right personnel is not hired, we may not achieve our target product manufacturing.

| | SHORT | MEDIUM | LONG |
|------------|-------|--------|------|
| Orderly | ● | ● | ● |
| Disorderly | ● | ● | ● |
| Hot House | ● | ● | ● |

Scoring rationale: Under an Orderly and Disorderly scenario, increased demand for employees with relevant low-carbon knowledge and skills will increase. We have already set out the ambition to be the employer of choice within the industry, which would mitigate any issues with hiring personnel required to implement low-carbon technologies.

Management actions:

1. Develop a comprehensive plan of necessary labour skills and effective recruitment strategy, liaising with recruitment agencies specialised in the manufacturing industry.
2. Develop an upskilling programme for the existing workforce.

Linked opportunities: Link with Live Beautiful framework of being the employer of choice within the industry, being able to attract the best talent.

MAGNITUDE OF IMPACT SCORE NUMBER

- Very high impact 81 – 100
- High impact 61 – 80
- Moderate impact 41 – 60
- Low impact 21 – 40
- Very low impact 1 – 20

Climate-related Financial Disclosure Regulations continued

Transition Risks continued

Technology Risks – Low-carbon technologies not being developed

Low-carbon technologies not being developed within the necessary time frame to assist us achieving our net zero ambition and decarbonise our operations and value chain. We will require low-carbon technologies such as hydrogen to decrease our energy consumption from existing fossil-fuel technologies. If technology is not commercially available within the time frame to achieve net zero by 2030, this may delay our target of achieving net zero by 2030 and impact the Company's branding negatively.

| | SHORT | MEDIUM | LONG |
|------------|-------|--------|------|
| Orderly | ● | ● | ● |
| Disorderly | ● | ● | ● |
| Hot House | ● | ● | ● |

Scoring rationale: We rely on the development of low-carbon technologies to achieve net zero carbon. Under the Orderly transition scenario, increased efforts industry-wide are taken to develop the necessary technologies. Under the Disorderly and Hot House scenarios, fewer efforts exist to develop such technologies, which is particularly important in the medium-term.

Management actions:

1. Work collaboratively with industry experts to support the development of low-carbon technologies.
2. Setting aside budgets for R&D where technologies are still premature.

Linked opportunities: Working with industry experts in low-carbon technologies ensures we are an early adopter of alternative technologies whilst simultaneously increasing brand perception by proactively supporting the development of such technologies.

Reputation Risks – Failure to achieve net zero

Failure to achieve the necessary footprint reductions to achieve net zero will impact how we are perceived in the market. Decreased demand from customers that have a high perceptibility of sustainable brands but also decreased sentiment from investors. Organisations that have set public commitments to achieve net zero will face scrutiny by external stakeholders if failure to do so.

| | SHORT | MEDIUM | LONG |
|------------|-------|--------|------|
| Orderly | ● | ● | ● |
| Disorderly | ● | ● | ● |
| Hot House | ● | ● | ● |

Scoring rationale: Under all scenarios, the Group is at risk of negative perception from the market if we fail to achieve our net zero ambition. Scoring across scenarios is perceived as very low due to the strategic mitigation actions already in place to achieve the necessary reductions.

Management actions:

1. Work collaboratively with industry experts to support the development of low-carbon technologies.
2. Setting aside budgets for R&D where technologies are still premature.

Linked opportunities: Working with industry experts in low-carbon technologies ensures we are an early adopter of alternative technologies whilst simultaneously increasing brand perception by proactively supporting the development of such technologies.

Policy and Legal Risks – Increased regulation on waste disposal

Increased operating costs through increased regulation on waste disposal and materials used such as plastics. As society transitions to a low-carbon economy, to tackle emissions from all industries, governments may push for stricter legislation imposing directives on waste disposal practices and plastic use.

| | SHORT | MEDIUM | LONG |
|------------|-------|--------|------|
| Orderly | ● | ● | ● |
| Disorderly | ● | ● | ● |
| Hot House | ● | ● | ● |

Scoring rationale: Regulation over waste disposal and materials used is expected to increase significantly under the medium to longer term on the Orderly scenario, and exponentially in late 2020s and early 2030s on a Disorderly scenario. Our existing policies and continuous engagement with regulatory bodies mitigate exposure of unexpected regulation, hence this risk, whilst important, is perceived as very low impact to the business.

Management actions:

1. Our net carbon zero commitment ensures we are well positioned to mitigate exposure to any future legislation surrounding waste disposal and plastics usage. We are already addressing our waste disposal methods and keep engaging with suppliers to reduce the amount of waste in packaging.

Linked opportunities: Reduce exposure to future environmental legislation by reducing waste and increasing sustainable packaging in supply chain. Simultaneously, this increases brand perception by developing sustainable practices within the business.

MAGNITUDE OF IMPACT SCORE NUMBER

- Very high impact 81 – 100
- High impact 61 – 80
- Moderate impact 41 – 60
- Low impact 21 – 40
- Very low impact 1 – 20

Policy and Legal Risks – Introduction of carbon taxes

Carbon taxes in the consumer goods industry could lead to an increase in supplier prices as they pass down the increased production costs. There is also a possibility of existing carbon taxes being extended to other imported materials. As society transitions to a low-carbon economy, to tackle emissions from all industries, governments may push for stricter legislation imposing carbon taxes.

| | SHORT | MEDIUM | LONG |
|------------|-------|--------|------|
| Orderly | ● | ● | ● |
| Disorderly | ● | ● | ● |
| Hot House | ● | ● | ● |

Scoring rationale: Introduction of carbon taxes has increased probability under the Orderly scenario, as society increases efforts to tackle global warming. We are well positioned to mitigate the impact of carbon taxes due to the early action of achieving net zero, reducing our carbon footprint.

Management actions:

1. Our commitment to achieve net zero carbon ensures we are well positioned to mitigate exposure to any future carbon taxes. We do not operate in an emissions-heavy industry hence likelihood of carbon tax affecting us is not high.

Linked opportunities: Reduce exposure to future environmental legislation by reducing waste and increasing sustainable packaging in supply chain. Simultaneously, this increases brand perception by developing sustainable practices within the business.



Climate-related Financial Disclosure Regulations continued

Physical Risks

Physical Risks – Impact of temperature variability on supply chain

Temperature variability and its impact on crop yield such as cotton. Cotton is highly sensitive to temperature variation and precipitation, which could lead to less availability and increase in commodity price.

| | SHORT | MEDIUM | LONG |
|------------|-------|--------|------|
| Orderly | ● | ● | ● |
| Disorderly | ● | ● | ● |
| Hot House | ● | ● | ● |

Scoring rationale: Increased effects of climate change and strain on supply chain has increased probability under the Hot House scenario with increased global temperatures and frequency and magnitude of extreme weather events. We have a geographically dispersed supply chain, mitigating the risk exposure of supply chain issues.

Management actions:

1. Diversifying supply base to different geographies ensures the resilience of the supply chain.
2. Supplier engagement programme to develop local mitigation actions to increase the resilience of existing suppliers.

Linked opportunities: Increase the resilience of the supply chain, ensuring the continuous supply of raw materials needed in producing existing products.

Physical Risks – Impact of extreme weather events

Increased severity of extreme weather events such as cyclones and floods. Flooding events are likely to become more frequent in locations close to water streams and coastal regions, as well as areas where extreme rainfall events occur. Particularly relevant to those locations that lie next to a river.

| | SHORT | MEDIUM | LONG |
|------------|-------|--------|------|
| Orderly | ● | ● | ● |
| Disorderly | ● | ● | ● |
| Hot House | ● | ● | ● |

Scoring rationale: Potential disruption to our operations such as manufacturing plants and warehouses located close to rivers. Under the Hot House scenario, such events have higher likelihood and magnitude impact. We have made significant investments in flood defence systems, mitigating impact of such events.

Management actions:

1. Undertake a location-specific assessment of asset exposure to understand river level rise in the area and if further investment in flood defence systems is required.
2. Revision of asset leases and relocate assets if the risk is considerable, which may cause asset impairment.

Linked opportunities: Develop supply chain resilience to extreme weather events that may disrupt business operations.

Physical Risks – Disruption to the supply chain

Increased severity of extreme weather events such as cyclones and floods. Business disruption and loss of revenue following damage to distribution and procurement network. As the frequency and intensity of weather disruption increases, transportation of goods is disrupted, with delays in shipping.

| | SHORT | MEDIUM | LONG |
|------------|-------|--------|------|
| Orderly | ● | ● | ● |
| Disorderly | ● | ● | ● |
| Hot House | ● | ● | ● |

Scoring rationale: Increased effects of climate change and strain on supply chain has increased probability under the Hot House scenario with increased global temperatures and frequency and magnitude of extreme weather events. We have a geographically dispersed supply chain, mitigating the risk exposure of supply chain issues.

Management actions:

1. Diversifying the supply base and having less geographically concentrated suppliers.
2. Engage with existing suppliers to develop an understanding of climate change impacts and local mitigation opportunities.

Linked opportunities: Develop supply chain resilience to extreme weather events that may disrupt business operations.

MAGNITUDE OF IMPACT SCORE NUMBER

| | |
|--------------------|----------|
| ● Very high impact | 81 – 100 |
| ● High impact | 61 – 80 |
| ● Moderate impact | 41 – 60 |
| ● Low impact | 21 – 40 |
| ● Very low impact | 1 – 20 |

Potential financial impact of climate change

For the financial year ending 2025, Sanderson Design Group undertook an assessment on the potential financial impacts over the most short and medium-term horizons, considering the previously defined climate scenarios for the organisation's climate-related physical and transition risks.

| | |
|-----------------|--|
| Physical Risk | Impact of temperature variability on supply chain <p>Cotton is highly sensitive to temperature fluctuations and precipitation, which can result in reduced availability and increased commodity prices. Sanderson Design Group closely monitors commodity price trends for materials used in its production. Cotton accounts for 5% of the wholesale price, and products containing cotton are price-elastic. Despite the potential for significant scarcity, Sanderson Design Group does not anticipate a substantial impact on its price points.</p> |
| | Impact of climate change <p>Sanderson Design Group monitors the exposure of its offices and warehouses to adverse weather conditions, particularly flooding.</p> <p>The organisation has previously made significant investments in flood defence mechanisms and will reassess the need for further investment in the coming years. Additionally, as Sanderson Design Group further increases its digital production capabilities, minimum order quantities are reduced which in turn allows for holding of finished inventory to be reduced (or even eliminated via a print to order model). This transition would reduce holding stock and minimise potential stock value losses in the event of disruptions.</p> |
| | Disruption to the supply chain <p>In a scenario of high-level warming, Sanderson Design Group recognises the challenges posed by the increased frequency and intensity of storms.</p> <p>These conditions may disrupt supplier deliveries, leading to revenue loss and higher material costs. To address these risks, Sanderson Design Group collaborates closely with its suppliers to assess shipping routes and has implemented a supplier diversification strategy to mitigate the impact of potential supplier failures.</p> |
| Transition Risk | Declining sales <p>Sanderson Design Group collaborates closely with its customers to understand product specification requests and integrate sustainability practices into its operations.</p> <p>In an orderly transition scenario, the Company anticipates a significant increase in demand for sustainable specifications from customers. Failure to meet these expectations could lead to revenue loss and challenges in attracting new clients. Sanderson Design Group will continue to analyse the potential impact on sales if it fails to adapt to growing customer demands for sustainability.</p> |
| | Low-carbon technologies not being developed <p>Sanderson Design Group recognises the critical role of low-carbon technologies in decarbonising its operations and reducing operational carbon emissions.</p> <p>The organisation actively monitors advancements in such technologies, particularly those that help minimise its operational footprint and reduce reliance on fossil fuels. It is already implementing alternative technologies, such as pigmented ink, which requires less steam and heat during manufacturing. Sanderson Design Group is currently assessing the financial implications of delayed access to these technologies, both in terms of operational impact and the delivery of its net carbon zero ambition.</p> |
| | Increased regulation on waste disposal <p>Sanderson Design Group closely monitors waste disposal practices within its operations.</p> <p>As environmental regulations become more stringent, particularly in an orderly transition scenario, organisations are expected to comply or face penalties, which could negatively impact operational revenue. Sanderson Design Group is actively exploring partnerships with specialised processing providers to replace existing machinery, aiming to eliminate chemicals and waste from its operations.</p> |
| | Introduction of carbon taxes <p>Sanderson Design Group is subject to carbon taxes due to the use of fossil fuels in its operations, particularly natural gas for processing raw materials.</p> <p>The organisation benefits from Climate Change Levy exemptions for natural gas usage, which help reduce its energy tax obligations. In the long term, as Sanderson Design Group integrates low-carbon technologies and outsources raw material processing, the financial impact of such taxes is expected to decrease significantly.</p> |
| Opportunity | Access to new markets <p>Sanderson Design Group is investing in digital printing techniques, which produce more sustainable products with reduced substrate waste.</p> <p>The organisation has observed increased customer demand for its digital solutions, which offer environmental benefits by lowering the embodied carbon of products. In the short term, Sanderson forecasts significant revenue growth in this area while simultaneously achieving substantial cost reductions.</p> |

Climate-related Financial Disclosure Regulations continued

Climate resilience

Given the outcome of the climate risk assessment we have performed and is outlined in this report, we do not consider climate change to significantly impact the resilience of the business. We are committed to embedding sustainable practices in our value chain and operations, and to delivering on our commitment to achieve net carbon zero. Reducing our environmental impact is already embedded into our Live Beautiful framework.

We are a leading manufacturer of printed fabric and wall-covering products in the interiors industry. One of the biggest considerations we have to make is allocating investment to low-carbon technologies, reducing the operational footprint of the business, and engaging with suppliers to understand their value chain emissions hotspots. These projects support the low-carbon transition and will help us to achieve our ambitious net zero target.

Whilst the likelihood of severe weather events disrupting business operations is low, the magnitude of impact would be high. We will therefore need to consider the level of exposure to climate change impacts and apply mitigation strategies. We have already invested significantly in flood defence systems. By investing in low-carbon technology, such as digital printing, we will be able to reduce water and energy consumption and thus reduce the environmental impact of our operations. Furthermore, we are investigating innovative technologies to find alternative energy sources to gas steamers; this includes hydrogen steamers which will contribute to reducing our operational carbon footprint. We also demonstrate business resilience by having a dispersed supplier base, which results in minimal business disruption in the event of a supplier being unable to deliver the necessary raw materials.

To develop climate resilience, our organisational strategy is informed by the Live Beautiful framework, of which a core pillar is ‘Planet’.

To contribute to climate resilience, we have identified the following key actions to take:

- Reduce energy consumption within the business
- Switch to renewable energy sources
- Enhance biodiversity through sites
- Enhance biodiversity through the supply chain

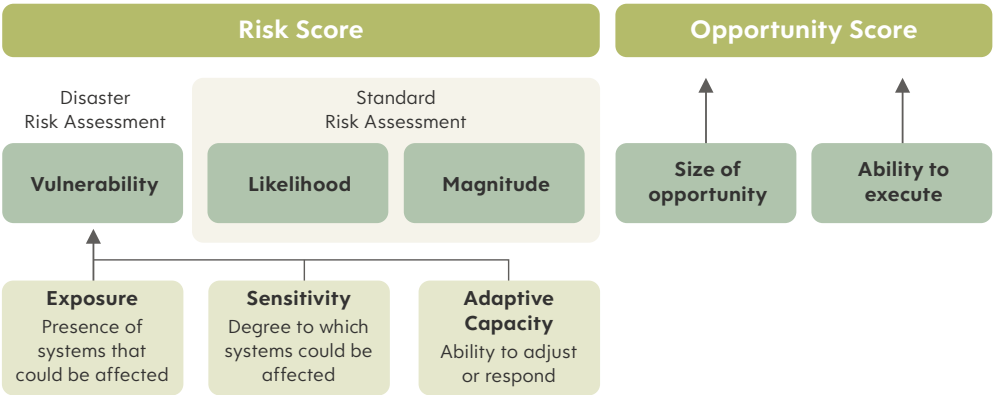
In FY2025, Sanderson Design Group has initiated rewinding projects with the Royal Warrant Holders Association, enhancing biodiversity of warehouses and offices, and we will look to develop appropriate metrics to report measurable gains in subsequent reporting.

Risk management

Sanderson Design Group has reviewed all risk and opportunity categories as per Climate-related Financial Disclosure Regulations, across all our operations and supply chains, to ensure that appropriate climate-related risks have been considered. This assessment was carried out in FY2024 and the results were presented to the Board and senior management with detailed indicators of climate-related risks and the drivers. We are using the results of this assessment to inform an ongoing review of measures necessary to mitigate exposure and capitalise on climate-related opportunities.

Risks and opportunities identification process

Initially, we held internal interviews to understand how climate change risks and opportunities may affect different functions across the business. Interviews were held with relevant employee teams such as Finance, Purchasing, Sales, Risk Management and Operations teams. Stakeholder engagement was complemented by peer benchmarking and desk-based research and looked at climate-related events and policy developments, such as the introduction of carbon taxes in the interiors industry and waste regulation.



Identified risks and opportunities were qualitatively assessed, scored, and ranked to develop an understanding of their relevance and potential impact on the business. A list of risks and opportunities and results of scoring can be found above on pages 37 to 41.

Risks were scored against three main criteria: vulnerability (consideration of exposure, adaptive capacity, and sensitivity), likelihood and magnitude of impact. Opportunities have been scored against two main criteria: the size of the opportunity and if we have the ability to execute this opportunity, taking into account associated costs and its strategic alignment.

Each risk and opportunity is assessed over the climate scenarios and time horizons defined previously (see page 36).

Risks and opportunities have been validated by the Group Operations Director, who reports back to the Board.

Risk controls

The leadership team work closely with the Group Operations Director to identify and assess any climate-related risks and incorporates these into the risk register. If risks have been identified as having a material impact on the business, the Group Operations Director is assigned as the risk owner and mitigation methods are put in place. The enterprise risk management will appropriately consider the mitigation actions in place against each risk.

Risk integration

Group-level risks are assessed and reviewed on an annual basis with all relevant risk owners. We currently only include Group-wide risks that may impact the business in the short to medium term. We will continue to expand our work on integrating the results of this assessment in FY2026.

Metrics and targets

We monitor our performance across absolute and intensity environmental indicators, keeping the business informed and accountable for our environmental performance and ambitions. We measure our operational carbon footprint (Scope 1 and 2 greenhouse gas ('GHG') emissions) and relevant Scope 3 GHG emissions; Planet Mark's measurement methodology is aligned to the GHG Protocol.

Our direct and electricity (Scope 1 & 2) emissions have a target of zero and our indirect emissions (Scope 3) must be reduced by at least 50% by 2030 against the baseline year and must continue to be reduced after 2030 by at least 90% against the baseline by 2050. To ensure we achieve our net zero ambition, one of the three compensation criteria relates to an environmental, social and governance ('ESG') target. As an example, one of the ESG targets for our LTIP awards is retaining Planet Mark certification and making progress on the roadmap to net carbon zero.

Achieving net zero by 2050 is in line with the net zero requirements set out by the UN-backed Race to Zero campaign and the Science Based Targets initiative ('SBTi'). We will take efforts even further by investing in carbon removal schemes to abate any unavoidable residual emissions.

Furthermore, we are considering other climate-related metrics linked to the identified risks and opportunities, which will be incorporated in the next assessment in FY2026.

Cross-industry metrics

We have disclosed our KPIs to track our environmental performance, however, it is important to also consider cross-industry metrics.

| Metric category | Alignment and rationale |
|--|---|
| GHG emissions: Absolute Scope 1, 2 and 3 emissions; emissions intensity | Scope 1, 2 and 3 tonnes of CO ₂ e, tonnes of CO ₂ e of energy consumption per £1m revenue. As previously referenced, our target is that our direct and electricity (Scope 1 & 2) emissions are zero and our indirect emissions (Scope 3) must be reduced by at least 50% by 2030 against the baseline year and must continue to be reduced after 2030 by at least 90% against the baseline by 2050. We have been reporting our GHG emissions since 2019. |
| Transition risks: Amount and extent of assets or business activities vulnerable to transition risks | We will look to set metrics and risk management indicators to measure and monitor the extent to which our material transition risks impact the business, and will monitor the necessary management actions. |
| Physical risks: Amount and extent of assets of business activities vulnerable to physical risks | We will look to set metrics and risk management indicators to measure and monitor the extent to which our material physical risks impact the business, and will monitor the necessary management actions. |
| Climate-related opportunities: Proportion of revenue, assets, or other business activities aligned with climate-related opportunities | We will further consider appropriate metrics to measure and monitor the development of opportunities which align to our business strategy. |
| Capital deployment: Amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities | We will further consider appropriate metrics for capital deployment once quantitative scenario analysis is complete. At present we have put in place a methodology to report ESG considerations, which is reviewed on a case-by-case basis. |
| Internal carbon price: Price on each tonne of GHG emissions used internally by an organisation | We have not yet developed an internal carbon price and this will be considered in the next reporting period. |
| Remuneration: Proportion of executive management remuneration linked to climate considerations | Our remuneration policy has ESG objectives linked to it, such as Planet Mark certification and progress towards the net carbon zero pledge. |

Next steps

In FY2026, we will continue our alignment to the Climate-related Financial Disclosure Regulations 2022 (SI 2022/31) by actioning the below:

- **Strategy:** Continue advancing on the quantification of financial impacts of identified risks and opportunities across climate scenarios (where methodologies and data availability permit).
- **Transition Plans:** Expand climate resilience measures in response to climate-related risks and opportunities.
- **Risk Management:** Advance on climate scenario analysis with existing business level risk identification process.
- **Metrics and Targets:** Drive climate resilience further by reviewing climate-related metrics.

Principal Risks

The Group has put in place an ongoing process to identify, monitor and manage the risks faced by the Group. Risks are ranked according to their potential financial impact and probability. The Board regularly reviews the risks faced by the Group and the controls in place to mitigate any potential adverse impacts. There are general business risks faced by the Group that are comparable to those faced by most other businesses.

In addition, there are a number of more specific risks which are more relevant to the Group and the industry in which we operate. These risks are principal risks and uncertainties facing the Group that are material to our strategy. The Board recognises that the nature and scope of risks can change; the list is not intended to be exhaustive, and regular review and monitoring form part of the Board's agenda.

Marketplace

| Risk Category | Risk Description | Change | Controls to Mitigate | Focus for FY2026 |
|---|--|--------|--|--|
| Competitor environment (international) | <p>The Group operates in markets that are highly competitive.</p> <p>The Group owns a rich design archive that supports its heritage brands. There have always existed various external credible sources of historic designs globally. As the visibility of the Group's brands increases through our own marketing activities, there is an inevitable, growing risk of market competition that is difficult to predict and impossible to control.</p> <p>Change in consumer behaviour towards purchasing more ready-made and less made-to-measure items.</p> | → | <ul style="list-style-type: none"> With six key brands, the Group has sought to differentiate itself through high-quality luxury products and continues to develop new product categories and extension of market positions. We have continued to invest in our British manufacturing sites through innovative printing techniques. There is focus on product extension through global recognition of the Group's heritage brands and the contemporary design excellence, including selling finished products online in the future, and exploring worldwide licensing opportunities. The Group's focus is on international expansion through the distribution and marketing of our brands, particularly the US market. Continued focus on enhanced positioning with launches of new, authentic, heritage and archival designs. Create new contemporary edits and explore innovation. Mitigate the threat of competitors launching similar-looking products with the Group reinforcing its integrity and authority by investing in the nurturing of its design archive assets, strengthening the organisation's reputation as the destination for high-quality, authentic design capability. This is further supported by our in-house manufacturing skill that enables the Group to make high-value product that upholds the legacy of the historic founders. The Board continually reviews strategy and performance and will realign rapidly to deal with major threats. | <ul style="list-style-type: none"> Development of Direct to Consumer ('D2C') model both in terms of brands and territories. Expand licensing partnerships to further territories. Launch new high-profile collaborative collections for Sanderson and Morris. |

KEY

| | | | | | | | |
|---|----------------------|---|-----------------------|---|----------------------|-----|---------------------|
| ↑ | Risk level increased | → | Risk level maintained | ↓ | Risk level decreased | New | New Risk identified |
|---|----------------------|---|-----------------------|---|----------------------|-----|---------------------|

| Risk Category | Risk Description | Change | Controls to Mitigate | Focus for FY2026 |
|----------------------------|---|--------|---|--|
| Trading environment | <p>Specific macroeconomic and geopolitical factors can influence our business and ability to trade across borders. Governments in key markets influence cross-border control, which could make it more difficult for us to source, buy and move products into and out of the territories we operate in.</p> <p>The Group operates in major international markets which have different drivers and macroeconomic outlooks.</p> <p>Given that our products may be viewed as discretionary, there is a risk that these are impacted by consumer confidence. The UK accounts for approximately half of total product sales, and it will be impacted by the continued cost of living crisis for the short to medium term.</p> <p>The Group's factories operate on a high fixed cost base and therefore when sales are suppressed, there is a risk costs are not able to flex down accordingly.</p> | ↑ | <ul style="list-style-type: none"> The Group monitors key markets closely to keep abreast of local changes or developments globally, and recommends changes or adaptations to our business operations to mitigate the impact, and these are under constant review. Focus on product diversification via licensing opportunities to take advantage of the increasing online homewares share of the market. Global inflationary pressure continues. The Group offers a well-balanced portfolio of brands and products at the upper end of the market. Cost pressures are carefully monitored and price increases passed on to protect margins. | <ul style="list-style-type: none"> Maintain the strong commercial focus on procurement, pricing and cost improvement initiatives along with ongoing monitoring of pricing performance. Focus on the development of premium licensing partnerships. Explore new routes to market, including D2C. Review factory cost base and make changes aligned with strategic priorities. |

Financial

| Risk Category | Risk Description | Change | Controls to Mitigate | Focus for FY2026 |
|-------------------------|--|--------|--|---|
| Foreign exchange | An increasing proportion of the Group's activities and earnings are denominated in US dollars and euros, giving rise to foreign currency exposure. | ↓ | <ul style="list-style-type: none"> The Group monitors revenue and earnings to minimise exposure to foreign exchange losses. Increasing exchange rate volatility may have an adverse effect on the balance sheet and/or profit and loss account. We continue to monitor the implications of emerging macroeconomic risks to help prepare for any volatility in foreign exchange movements with focus on the US dollar. The Group has specific hedging contracts in US dollars and employs natural hedging in other currencies where possible. | <ul style="list-style-type: none"> Continue with USD hedging programme and natural hedging by sourcing in US dollars where possible. Review frequency of hedging contracts dependent on expected cash generation in other currencies. |

KEY

| | | | | | | | |
|---|----------------------|---|-----------------------|---|----------------------|-----|---------------------|
| ↑ | Risk level increased | → | Risk level maintained | ↓ | Risk level decreased | New | New Risk identified |
|---|----------------------|---|-----------------------|---|----------------------|-----|---------------------|

Principal Risks continued

Operational

| Risk Category | Risk Description | Change | Controls to Mitigate | Focus for FY2026 |
|---|--|--------|---|---|
| Supply chain pressure | <p>The Group's manufacturing operations are exposed to global supply chain issues such as disruptions from geopolitical instability, pandemic, trade restrictions, extreme weather events and key supplier or sourcing issues which could impact its ability to receive raw materials, purchased goods and deliver orders on a timely basis.</p> <p>Higher energy, labour, raw materials and other input costs have a direct impact on product margins. This risk may be influenced by global supply and demand, supply chain challenges, weather events, political uncertainties, changes in regulations or a new pandemic.</p> | → | <ul style="list-style-type: none"> • The Group has robust supplier relationship management processes at all sites. • Work with alternative suppliers to have multiple sourcing options where possible. • Work with technical team and suppliers to develop alternative products that are less exposed to supply chain issues. • Own and control more of the upstream supply chain through our manufacturing operation. • Rationalise our collection management processes. • Focus on waste reduction in raw material as well as energy. • The Group has a utility hedging programme in place to protect against volatility in energy prices. Gas and electricity for various business units are negotiated on a collective basis. • A strong commercial focus on procurement, pricing and cost improvement initiatives is maintained along with ongoing monitoring of pricing performance. • The Group is monitoring raw material costs and expects to pass on product price increases for margin protection as necessary. | <ul style="list-style-type: none"> • Continue focus on supplier relationship management including the development of alternative sources and monitoring of geographical spread of suppliers. • Maintain focus on waste reduction with investment and growth of digital printing techniques. • Develop a robust procurement strategy. |
| Talent and critical role retention | <p>The Group requires key roles and critical capabilities to deliver the strategic plan.</p> | → | <ul style="list-style-type: none"> • The Group's employees are its key asset. The depth of their experience is a real benefit to the business and, accordingly, the Group focuses on attracting and retaining employees. • The Remuneration Committee monitors the levels and structure of remuneration for Directors, senior management and colleagues generally, and seeks to ensure that they are designed to attract, retain and motivate the key personnel to run the Group successfully. • In addition, the Group offers competitive remuneration packages including annual bonus incentives and long-term incentive schemes designed to retain key individuals. • The Group had made a commitment to the Real Living Wage and aims to be the employer of choice in the industry. • Invest in internal training and talent development modules of a wide range of skill sets for the delivery of the Group's strategic ambition. Introduce future workforce planning and subsequent talent processes to identify internal talent, support succession planning for the leadership team and motivate key employees in a challenging economy. | <ul style="list-style-type: none"> • Continue with the implementation of a future workforce planning approach aligned to the strategic needs of the business. • Develop and launch organisation behaviour framework which will underpin the design of new talent development programmes. • Finalise organisational job architecture. |

| Risk Category | Risk Description | Change | Controls to Mitigate | Focus for FY2026 |
|-------------------------------|--|--------|---|---|
| Reputation risk | <p>The Group prides itself on the high quality of its product range.</p> <p>An unfavourable incident relating to a senior executive, individuals or businesses associated with the Group, erroneous media coverage on products, failure to comply with ethical standards, failure to understand social and cultural issues in marketing contents or negative discussions on social networks could damage the Group's reputation.</p> | → | <ul style="list-style-type: none"> • There is ongoing emphasis on a high level of quality control throughout the various stages, right from manufacturing through to delivery of the finished product and customer satisfaction. • Monitoring of adherence by employees, contractors, suppliers and other associated individuals and businesses to the requirements in the Group's business principles. • The Group has established corporate responsibility standards, which aim to ensure compliance with ethical, labour, human rights, health and safety and environmental standards across our operations and extended supply chain and put in place supplier audits. • Uphold our approval processes and editorial controls to ensure all product and content is reviewed and signed off prior to external release. | <ul style="list-style-type: none"> • Continue emphasis on the high-quality products in our marketing features. • Embed stricter ethical components into the supply chain, for example using suppliers audits. |
| Environmental risk | <p>The Group fails to comply with environmental legislation and generates excessive carbon emissions or effluent discharges resulting in fines and closures. Lack of development and availability of new technology will result in failure to deliver our environmental objectives.</p> | ↑ | <ul style="list-style-type: none"> • The Group monitors its carbon emission targets by having relevant KPIs to measure carbon footprints certified by Planet Mark and embedding sustainability values across the organisation. • Investment is planned with a medium to long-term plan to adopt new technologies that will reduce energy consumption and environmental impact, improve efficiency and increase capacity, keeping both factories at the forefront of printing in the UK. • There are ongoing reviews of environmental legislation through the membership of professional and trade associations. • Onsite incinerators (that process vapours and fumes) are installed to ensure that emissions are within the agreed limits and monitored frequently. Waste solvents are barrelled and taken off site. • Waste ink is filtered and the solid residue is taken off site. • At our Anstey factory, Severn Trent monitors the water testing samples on a regular basis. • Effluent discharge at the Standfast factory is monitored daily and there are preventative measures to avoid incidents and appropriate procedures to deal with potential environmental disasters. | <ul style="list-style-type: none"> • Maintain progress on reduction of energy consumption and environmental impact through continued review with Planet Mark for the medium to longer term. • Work with key suppliers to focus on reducing Scope 3 emissions. • Work with suppliers to identify safer chemicals and processes. |
| Health and safety risk | <p>The Group fails to adhere to health and safety standards, risking injuries and lives of employees.</p> | → | <ul style="list-style-type: none"> • The Group has immediate response capability via the Group Leadership Team when required. • There are fire and health and safety marshals across all sites. • The Group publishes, monitors and reports on health and safety incidents internally and in compliance with regulatory requirements. There are established auditing and monitoring systems. | <ul style="list-style-type: none"> • Continue focus on in-house health and safety processes. • Develop behavioural safety approach. • Re-establish mental health first aid rooms at the Company sites where this is practical. |

KEY

| | | | | | | | |
|---|----------------------|---|-----------------------|---|----------------------|-----|---------------------|
| ↑ | Risk level increased | → | Risk level maintained | ↓ | Risk level decreased | New | New Risk identified |
|---|----------------------|---|-----------------------|---|----------------------|-----|---------------------|

Principal Risks continued

| Risk Category | Risk Description | Change | Controls to Mitigate | Focus for FY2026 |
|-----------------------------------|---|--------|---|--|
| Major incident or disaster | Fire and flood occur in the manufacturing sites, causing damage to stocks and buildings, affecting sales and risking lives. | → | <ul style="list-style-type: none"> • Business continuity and disaster recovery plans are regularly reviewed to enable the uninterrupted operation of the Group's core business operations. • The Group holds insurance cover to mitigate the financial consequences of a major incident. • Extensive flood defence measures have been installed at the Standfast site and these measures are constantly monitored. • For fire safety, the Group has emergency procedures in place and adequate sprinkler systems together with an alarm system linked to the fire brigade. • The segregation of the Group's central warehousing facility with two warehouses has helped to mitigate risk to stock. | <ul style="list-style-type: none"> • Continue with planned maintenance and inspection schedule. |
| IT | A significant failure of IT infrastructure or key IT systems, deliberate or accidental, could result in a loss of information, inability to operate effectively, financial or regulatory penalties, and negatively impact our reputation as a result of the impact on the availability of our products and consequently reduce sales. | → | <ul style="list-style-type: none"> • The Group has appropriate controls in place to mitigate the risk of systems failure, including an IT disaster recovery plan, off-site and cloud back-up routines, virus protection and network security controls. Security controls and processes are assessed and updated on a regular basis with a continuous improvement plan. IT capability has been strengthened to improve defences, taking account of increased cyber risk to businesses of our size. • The Group employs a framework of IT controls to protect against unauthorised access to our systems and data, which includes the maintenance of firewalls, intruder detection and encryption of data. With a security-first approach, the Group ensures the integration of data protection into every aspect of business operations with comprehensive data policies, awareness programmes and a culture of security among all employees. • The Group has formed a security task force, comprising internal experts from key departments and external cyber-security specialists, who meet regularly to oversee our data protection and cybersecurity strategies. The IT team reports on data and cybersecurity risks to our Board regularly. | <ul style="list-style-type: none"> • Continue to pro-actively focus on cybersecurity with strategic investment, aiming to exceed industry standard. |

The Strategic Report was approved by the Board on 29 April 2025.



Lisa Montague
Chief Executive Officer
29 April 2025



Governance Report

- 50 Board of Directors
- 51 Group Leadership Team
- 52 Corporate Governance
- 55 Nomination Committee Report
- 56 Directors' Remuneration Report
- 60 Audit Committee Report
- 62 Report of the Directors
- 64 Statement of Directors' Responsibilities

Board of Directors

Non-Executive Directors



Dame Dianne Thompson

Non-executive Chairman



Dianne joined the Board in February 2019, initially as a Non-executive Director. In April 2019, following the appointment of the new Chief Executive Officer, Dianne became the Non-executive Chairman. She is a highly experienced sales and marketing executive and was Non-executive Director of NEXT plc from January 2015 until May 2024. From 2000 until 2014, Dianne was Chief Executive of Camelot Group plc, the UK National Lottery provider. Prior to that role, she held marketing and general management positions in a number of consumer and building materials businesses including Signet Group plc, Sandvik Saws & Tools Ltd and ICI Paints.



Juliette Stacey

Non-executive Director



Juliette joined the Board in November 2021 as a Non-executive Director and is Chair of the Audit Committee. Other non-executive positions she holds include Senior Independent Director and Chair of the Audit Committee at Fuller, Smith & Turner PLC, the hospitality group, and Non-executive Director and Chair of the Audit Committee of Renishaw plc and Willmott Dixon. Prior to her non-executive career, Juliette held executive leadership roles as Group CEO of the engineering services group Mabey Holdings Ltd and COO UK and Europe of property group Savills Plc, having gained experience of advisory work at EY, where she qualified as a Chartered Accountant.



Patrick Lewis

Non-executive Director



Patrick joined the Board as a Non-executive Director in November 2021 and was appointed as Chair of the Company's Remuneration Committee in January 2025. Prior to joining the Group, Patrick gained extensive consumer and retail experience with the John Lewis Partnership, whom he joined in 1994, holding management roles across the business before becoming CFO in 2015. Patrick's early career was at the management consultants Bain & Company followed by a move into industry at Procter & Gamble.

Executive Directors



Lisa Montague

Chief Executive Officer

Lisa joined the Group in March 2019 as an Executive Director and became Chief Executive Officer on 10 April 2019. Lisa is a highly experienced luxury goods executive, with previous roles at Madrid-based international fashion brand Loewe SA, a Spanish luxury fashion house owned by the LVMH Group, Aspal of London Group Ltd and Mulberry Group plc. She has significant experience of leading and developing UK and international brand-based businesses with manufacturing and multi-channel distribution. Lisa is also a Non-executive Director at The Royal Mint.



Mike Woodcock

Chief Financial Officer

Mike joined the Group in October 2021 and became Chief Financial Officer in November 2021. Mike qualified as an accountant with KPMG and has significant experience of international luxury and consumer brands in the quoted and private sectors. Prior to joining the Group, Mike was at Richemont Group, where his increasingly senior roles included CFO at Alfred Dunhill and CFO at Montblanc. Since leaving Richemont Group, Mike has served as CFO in a number of private equity backed businesses.

Former Board member, who served in FY2025



Christopher Rogers

Non-executive Director

Christopher joined the Board in April 2018 as a Non-executive Director and Chair of the Company's Audit Committee. In October 2018, on the departure of the CEO, Christopher became Interim Executive Chairman and held this role until April 2019 before returning to being a Non-executive Director and Chair of the Remuneration Committee. Other non-executive positions held include Chairman of Wickes plc and Non-executive Director at Kerry plc. Christopher was an Executive Director of Whitbread plc for 11 years from 2005, first as Group Finance Director for seven years and then as Global MD of Costa Coffee. Christopher resigned from the Board, with effect from 1 February 2025.

Group Leadership Team



**Tim
Preston**

Group Operations
Director

Tim joined the Group in October 2024, with more than 25 years' experience in Manufacturing and Supply Chain roles both within the UK and internationally. Prior to joining the Group he was the Brewing and Supply Chain Director for Greene King Breweries. He has significant experience in cultural and performance turnaround.



**Mauricio
Solodujin**

Group Commercial
Director

Mauricio joined the Group in September 2019 from LVMH, where he had worked for almost 10 years in roles including Senior Vice President of LVMH Fashion Group Americas, based in the US, and Retail & Commercial Director of Loewe, based in Spain. Mauricio's previous experience includes more than 10 years at Liberty of London, where he was Director of Operations. In the role of Group Commercial Director, Mauricio works across all brands, markets and channels to drive sales growth.



**Jo
Walmsley**

Group People
Director

Jo joined the Group in November 2023 and brings with her over 20 years' experience in People and Leadership roles. She is an executive coach and NLP master practitioner, as well as being CIPD qualified. She has worked in senior roles across a variety of sectors including Retail, Aerospace and Consumer and is passionate about building successful businesses where talent prospers, creativity flourishes, and individuals grow.



**Claire
Vallis**

Design Director

Claire has been with the Group for 26 years. She brings a wealth of experience and knowledge across manufacturing and design, making her an unrivalled industry expert. She personifies the integrity and history of the brands and uses this to inspire a creative vision for the future.



**Charlotte
Archer**

Group Marketing
Director

Charlotte joined Sanderson Design Group over 15 years ago and has worked across multiple disciplines within marketing including content production and brand management. This broad foundation of experience cemented her skills as a proactive and creative marketer. A consummate professional, Charlotte brings her extensive industry knowledge, vision for creative content and passion for brands to her role as Group Marketing Director.



All members of the Board recognise the importance of good governance in reducing risk and adding value to our business.



Introduction from the Chairman

As Chairman of the Board, I am responsible for ensuring that the Company has corporate governance arrangements in place which are appropriate for the size and complexity of the Company and that these arrangements are followed in practice.

The Board is committed to ensuring high standards of governance for the Company and considers that the Quoted Company Alliance Corporate Governance Code 2018 (the 'QCA Code') provides the most appropriate framework of governance arrangements for a public company of our size and complexity. For FY2026, the Board will apply the 2023 QCA Code that comes into effect for financial years commencing after 1 April 2024.

The QCA Code includes 10 principles that focus on the pursuit of medium to long-term value for shareholders. How the Company has applied these principles is detailed in the Corporate Governance section of the Company's website <https://sandersondesign.group>. We have complied with all principles of the QCA Code throughout the year.

All members of the Board recognise the importance of good governance in reducing risk and adding value to our business. Delivering growth and long-term shareholder value with effective and efficient decision-making is of high importance to the Board.

The Board is committed to ensuring the highest legal and ethical standards are upheld, and aims to ensure that the Company and its employees conduct themselves respectfully and honestly. A healthy corporate culture is promoted within the business in various ways, including linking employees' appraisal objectives and reward and recognition schemes to our vision and values.

The Board assesses the culture of the Group through engagement with employees and other stakeholders, further details of which can be found in the Section 172 Statement.

This report, together with the information contained in the Audit Committee Report, the Nomination Committee Report, the Directors' Remuneration Report and the Directors' Report, explains the corporate governance framework within which the Group operates.

Dame Dianne Thompson
Non-executive Chairman

The Board

The Company is supervised by the Board of Directors. The Board comprises Executive and Non-executive Directors.

Company Secretary

The Board is supported by David Gracie from Indigo Independent Governance, who provides company secretarial and governance services to the Company. Indigo Corporate Secretary Ltd was appointed as Company Secretary in June 2023.

Board composition

The Board of Directors which served during the year ended 31 January 2025 and their attendance at meetings is shown in the adjacent table. Biographical details of the current Board are given on page 50. The Directors bring strong judgement and expertise to the Board's deliberations and with diversity achieves a balance of skills and experience appropriate for the requirements of the business.

Directors are subject to reappointment at the Company's AGM following the year in which they are appointed. The Company's Articles of Association stipulate that one third of the Directors, or the nearest whole number below one third, shall retire each year and that all Directors retire for re-election at least every third year. In line with best practice, the Board has decided to adopt voluntarily the practice that all continuing Directors submit themselves for re-election annually.

Board programme

The Board meets at least 10 times each year in accordance with its scheduled meeting calendar and the attendance by each Board member at scheduled meetings is shown in the adjacent table.

The role of the Board

The Board is responsible to the shareholders and sets the Group's strategy for achieving long-term success. As explained fully within our Strategic Report, our strategy is focused around five key areas, and the Board is responsible for the management, governance, controls, risk management, direction and performance of the Group to ensure it promotes long-term value for shareholders, whilst being mindful of its impact on others and the threats and opportunities faced.

There is a formal schedule of matters reserved to the Board which includes approval of major capital expenditure projects; approval of the annual and interim results; setting annual budgets; dividend policy; and Board structure. It monitors the exposure to key business risks and reviews the strategic direction of all trading subsidiaries, their annual budgets, their performance in relation to those budgets and their capital expenditure. The schedule of matters reserved to the Board is available on the Company's website.

All Directors receive regular and timely information on the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings. The business reports monthly on its performance against its agreed budget, and the Board reviews the monthly update on performance, and any significant variances are reviewed at each meeting.

Senior executives below Board level attend Board meetings, where appropriate, to present business updates.

The Company's various sites are visited through the year, with Board meetings taking place at the sites giving, in particular, the Non-executive Directors access to the Group's operations to gain a greater understanding of the Group's activities and to show the Board's support of our colleagues throughout the Group.

Directors are expected to attend all meetings of the Board, and of the Committees on which they sit, and to devote sufficient time to the Group's affairs to enable them to fulfil their duties as Directors.

Attendance at meetings of the Board and its committees

| | Board | Audit Committee | Remuneration Committee | Nomination Committee |
|---------------------------------|-----------|-----------------|------------------------|----------------------|
| Total Number of Meetings | 11 | 3 | 6 | 1 |
| <i>Meetings attended</i> | | | | |
| D Thompson | 11/11 | 3/3 | 6/6 | 1/1 |
| C Rogers* | 11/11 | 3/3 | 6/6 | 1/1 |
| J Stacey | 10/11 | 3/3 | 6/6 | 1/1 |
| P Lewis | 11/11 | 3/3 | 6/6 | 1/1 |
| L Montague | 11/11 | – | – | – |
| M Woodcock | 11/11 | – | – | – |

* C Rogers stepped down from the Board of Directors on 1 February 2025.

The Board scheduled 11 meetings during the year and additional meetings were convened to deal with specific matters and approval of the financial results.

Board committees

The Board has Remuneration, Audit and Nomination Committees, each of which has written terms of reference which are available on the Company's website. The committees are composed of the Non-executive Directors. Details of the composition of each of the committees are included on page 63 of the Report of the Directors. The Company Secretary acts as secretary to the committees. The Board is satisfied that the committees discharged their responsibilities appropriately.

Independent advice

All Directors are able to take independent professional advice in the furtherance of their duties, if necessary, at the Company's expense. The Board reviews its AIM obligations with its Nominated Adviser ('NOMAD') annually. In addition, the Directors have direct access to the advice and services of the Company Secretary.

Independent Directors

The Board considers that each of the Non-executive Directors bring an independent judgement to bear. Non-executive Directors are expected to dedicate a minimum of 25 days per year, plus committee duties. The Non-executive Directors' other time commitments are reviewed regularly.

All Non-executive Directors have contracts that contain six-month notice clauses. These are available for inspection at the Company's registered office and at the Annual General Meeting ('AGM'). Further details of each of the independent Directors are set out on page 50.

Corporate Governance continued

Nomination Committee

The Nomination Committee is responsible for reviewing the size, structure and composition of the Board, including consideration of the skills, knowledge and experience of the Board members. The Committee also considers the re-election of Directors retiring by rotation, manages succession planning and selects potential new Board candidates. The Group People Director is invited to attend meetings, when appropriate. Where necessary, external search consultants are used to ensure that a wide range of candidates is considered. Where new Board appointments are considered, the search for candidates is conducted, and appointments are made, on merit, against objective criteria and with due regard for the benefits of diversity on the Board, including gender. Further details of the work of the Committee are contained in the Nomination Committee Report on page 55.

Remuneration Committee

The Remuneration Committee is responsible for determining the remuneration policy and the application of the policy in relation to the Executive Directors' remuneration. In framing its policy, the Remuneration Committee may seek advice from external remuneration consultants and does take into account any factors which it deems necessary, including industry standard executive remuneration, differentials between executive and employee remuneration and differentials between executives. The remuneration of the Non-executive Directors is determined by the Board, but no Director is involved in any decisions relating to their own remuneration. Further details of the work of the Committee are contained in the Directors' Remuneration Report on page 56.

Audit Committee

The Audit Committee is responsible for monitoring and reviewing the integrity of the financial reporting process, including the appropriateness of key judgements and estimates taken in preparing the financial statements, internal and external audit functions, and internal financial control. Further details of the work of the Committee are contained in the Audit Committee Report on page 60.

Internal control

The Board acknowledges that it is responsible for the Group's system of internal control and for reviewing its effectiveness.

The Board keeps its risk control procedures under constant review particularly with regard to the need to embed internal control and risk management procedures further into the operations of business, both in the UK and overseas, and to deal with areas of improvement which come to management's and the Board's attention.

As might be expected in a group of this size, a key control procedure is the day-to-day supervision of the business by the Executive Directors, supported by the senior managers with responsibility for key operations.

The Executive Directors are involved in the budget-setting process, regularly monitor key performance indicators and review management accounts on a monthly basis, noting and investigating any major variances. All significant capital expenditure decisions are approved by the Board as a whole.

Risk management process

The Group's significant risks, together with the relevant control and monitoring procedures, are subject to regular review to enable the Board to assess the effectiveness of the system of internal control.

During the course of its reviews the Board has not identified nor been advised of any failings or weaknesses which it has determined to be significant other than disclosed in the Strategic Report and the Directors' Report.

The Group's system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Group's systems are designed to provide reasonable assurance as to the reliability of financial information, ensuring proper control over income and expenditure, assets and liabilities.

The Board has considered the need for an internal audit function, but because of the size and nature of its operations does not consider it necessary at the current time.

Board performance review

The Board continually reflects on its performance and during the year completed an internally facilitated review overseen by the Company Secretary. This review was carried out via a survey of all Board members and built on the findings of the internal review carried out in FY2024.

The findings were presented to the Board at its meeting in March 2025. Overall, it was concluded that the Board and its Committees were considered to be working effectively and that the Board was comprised of the relevant skills and experience. The governance framework in place was also deemed to be a strength, and the information to support the decision-making process was of a high quality.

The Board agreed to focus on several actions over the course of FY2026 to enhance current practice. Firstly, the Board will continue to focus on culture during challenging market conditions, through both site visits and engagement with employees. Secondly, further strategy sessions will take place to further understand how the strategy is being implemented and performing. Finally, consideration will be given to externally facilitated sessions to ensure a full range of views on key areas such as e-commerce and the US market are understood.

Relations with shareholders

The Group encourages two-way communications with both its institutional and private investors and responds in a timely fashion to all queries received.

There is regular dialogue with individual institutional investors, in order to develop an understanding of their views. Presentations are made to analysts, investors and prospective investors covering the annual and interim results.

The Company website (<https://www.sandersondesign.group/>) has an Investors section giving private investors direct access to business information and Company reports. There is also an enquiries mailbox facility.

All shareholders receive notice of the AGM, at which all Committee Chairs will be available for questions.

Nomination Committee Report



Membership

The Committee is comprised solely of independent Directors, being myself as Chairman and the other Non-executive Directors, Juliette Stacey and Patrick Lewis. The Board is satisfied that I have significant and relevant experience to chair the Nomination Committee in line with the QCA Code.

The Company's Articles of Association stipulate that one third of the Directors or the nearest whole number below one third shall retire each year. The Company requires all Directors to submit themselves for re-election at least every three years. In line with best practice, the Board has decided to adopt voluntarily the practice that all continuing Directors submit themselves for re-election annually.

Roles and responsibilities

The role of the Committee is to support the Board in evaluating the characteristics and performance of Board members and is responsible for recommending to the Board on all matters relating to the selection, number, appointment and removal of Executive and Non-executive Directors. The Nomination Committee ensures that the Company has adequate policies and procedures to maintain equality of opportunity for all. In this context, the Nomination Committee's responsibilities are to:

- Review regularly the structure, size and composition, including the skills, knowledge, experience and diversity, of the Board and make recommendations to the Board.
- Monitor executive recruitment closely in order to be aware of succession risks and opportunities.
- Carry out an annual examination of the Board's performance and competence in achieving the Company's objectives and alignment with the overall strategies, which allows them to make decisions on the future of the Company.
- Develop clarity over the Company's long-term strategies and make Board recruitment decisions based on the needs of the Company over different time horizons.
- Inform the new Directors about the Company's strategies, goals, culture and management and plan the training and development of the new Directors.

The full terms of reference for the Committee can be found on the Company's website.

Meetings

The Committee generally meets at least once a year and otherwise as required. During FY2025, the Committee met once.

Meetings are attended by the Committee's members, with the CEO and Group People Director invited to attend, where required. A record of the meeting attendance at formal meetings by Committee members is set out in the Corporate Governance Report on page 53.

Dame Dianne Thompson

Chair of the Nomination Committee
29 April 2025

Directors' Remuneration Report



As a company listed on the Alternative Investment Market ('AIM'), the Company is not required to comply with the Directors' remuneration report requirements, set out in Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013 (the 'Regulations'). However, transparency with our shareholders is important to us. Whilst the Company is not required to comply with the Regulations, the Company has used them as guidance and voluntarily presents selected disclosures in this report, where relevant and appropriate.

Introduction from the Chair of the Remuneration Committee

This report aims to provide shareholders with the information to understand the Remuneration Policy and its linkage to the Group's financial performance and delivery of its long-term strategy. The Remuneration Committee seeks to achieve a fair reward outcome linked to both the Group's results and the progress achieved in delivering the strategy.

Operation of the Remuneration Committee

The Committee operates under the Group's agreed terms of reference. It is responsible for setting the framework and policy for the remuneration of the Executive Directors and designated senior managers. It determines specific elements of their remuneration, their contractual terms and, where necessary, compensation arrangements.

In making remuneration decisions, the Committee considers the Group's overall performance against its long-term goals.

The Committee is comprised solely of independent Directors, being myself as the Chair and the other Non-executive Directors, Dame Dianne Thompson and Juliette Stacey. I took over as the Chair of the Remuneration Committee from 1 January 2025, to replace Christopher Rogers who has stepped down from the Board.

The number of meetings held during the year and the attendance at each meeting is shown in the table on page 53 of the Corporate Governance Report.

The Chief Executive Officer and the Group People Director are invited to attend meetings of the Committee, where relevant, however, no Director is involved in any decisions relating to their own remuneration. None of the Committee has any personal financial interest (other than as shareholders), conflicts of interests arising from cross-directorships, or day-to-day involvement in running the business.

The Committee keeps itself informed of relevant developments and best practice in the field of remuneration. It seeks advice from the Group People Director and external advisers when it considers it is appropriate. Deloitte LLP was retained during the financial year to provide independent advice to the Committee.

During the year ending 31 January 2025, the Committee agreed for the following to be effective from 1 February 2025:

- in keeping with the Real Living Wage policy introduced in 2021, the Committee has agreed an uplift for all Real Living Wage colleagues in line with the rates announced by the Living Wage Commission, equating to an increase of 5%;
- an annual salary increase of 2% for all other employees who earn less than £50,000 per annum, with the remaining employees receiving a 2% increase from August 2025 if business performance is in line with budget; and
- a continuation of the all-employee bonus scheme enabling colleagues to share in the Company's success with an element of variable pay.

Remuneration policy

The Group's remuneration policy is designed to ensure that the main elements of the remuneration package are linked to the Group's annual performance, delivery of its long-term strategy, as well as being appropriate in quantum and capable of attracting, motivating and retaining Executive Directors and senior managers. The policy aims to reward Executive Directors and senior managers by offering them competitive remuneration packages which are prudently constructed, sufficiently stretching and linked to long-term value creation for all stakeholders.

In particular, the Committee strives to ensure that remuneration packages are:

- aligned with the Group's strategic plan;
- aligned with shareholder interests and the performance of the Group;
- competitive and sufficiently flexible to support the recruitment and needs of the business; and
- paid in a combination of cash and shares.

The performance measurements of the Executive Directors and the determination of their annual remuneration package, including performance targets and underpins, are undertaken by the Remuneration Committee.

Summary of components of Executive Directors' remuneration

There are four main elements of the remuneration package for Executive Directors and other senior management:

- basic annual salary and benefits;
- annual bonus payments;
- long-term incentives; and
- pension arrangements.

Basic salary and benefits in kind

Salary is normally reviewed annually in February or when responsibilities change. In deciding the appropriate levels, the Committee takes into account factors which it considers necessary, including Group and individual performance, market level trends in executive remuneration and relative pay levels within the Group.

For the forthcoming year ending 31 January 2026, the Executive Directors were given a potential increase of 2%, to be effective from 1 August 2025, if business performance is in line with the budget. Effective from 1 August 2025, the base salary for the Chief Executive Officer would be set at £390,215 (FY2024: £382,564) per annum. The base salary for the Chief Financial Officer would be set at £227,266 (FY2024: £222,809).

In addition to basic salary, each Executive Director is provided with healthcare benefits and a car allowance, where applicable.

Annual performance-related bonus

The Executive Directors' remuneration package includes a performance-related bonus with maximum bonus potential of up to 100% of basic salary for the Chief Executive Officer and the Chief Financial Officer. Bonus achievement is linked to performance against underlying profit targets. The portion of bonus paid is determined on delivery of at least budget level of adjusted PBT with two levels of stretch adjusted PBT outcomes.

Long-term incentive arrangements

As previously reported, in 2020 the Committee undertook an extensive review of our long-term incentive arrangements to ensure that they continued to support the sustainable execution of our long-term business strategy and the creation of value for shareholders. The Committee decided to replace the existing long-term incentive plan for Executive Directors with a restricted share plan ('RSP'). It was felt that the characteristics of restricted shares better support the business in its execution of strategy and fully aligns executives with the shareholder experience.

For the year ending 31 January 2025, the CEO was awarded a maximum opportunity of 75% of salary, and the CFO awarded a maximum opportunity of 65% of salary. The award will vest following the end of year three, with 40% released on vesting, 40% released in year four and 20% released in year five, subject to the Committee being satisfied with the achievement of robust underpins at the date of vesting. These underpins are detailed on page 59 of this report.

The Committee intends to continue to issue awards under this RSP plan, with an award to be made to both Executive Directors later this year in respect of the year ending 31 January 2026. The maximum award will be 75% of salary for the CEO and 65% of salary for the CFO. Subject to the Committee being satisfied with the achievement of robust underpins, the award will fully vest following the end of year three in June 2028. In line with best practice, malus and clawback will apply.

Dilution

All equity-based awards are subject to an overall limit on the number of new shares issued of 10% within any 10-year period. The current dilution against this limit is 6.37%.

Pensions

Mike Woodcock is a member of a Group Flexible Retirement Plan ('the Plan') sponsored by the Group. Lisa Montague has elected to opt out of the Plan and take an equivalent cash allowance in place of employer contributions.

For the purposes of determining employer contributions to that scheme, annual performance-related bonuses are not included in the pensionable pay of the Executive Directors.

Directors' contracts

It is the Group's policy that Executive Directors should have contracts with an indefinite term providing for a maximum of one year's notice for the Chief Executive Officer and the Chief Financial Officer.

In the event of early termination, the Executive Directors' contracts provide for compensation of an amount equal to the gross salary and benefits that they would have received during the balance of the notice period, plus any bonus, once declared, to which they would have become entitled had contractual notice been given.

Director shareholding

To align with best practice, a shareholding guidance of 1x salary for Executive Directors is in place, with the shareholding to be built over time from retaining 50% (net of tax) of any LTIP/RSP awards in shares.

As at 31 January 2025 Lisa Montague's shareholding of 504,688 shares equates to 78% of salary based on the average share price during the three-month period to 31 January 2025 of 0.59p. Mike Woodcock joined the Company in October 2021 and all share awards granted to him have yet to reach maturity, therefore his current shareholding is nil.

Directors' share interests

The interests of the Directors and their families in the shares of the Company at the beginning and end of the financial year were as follows:

| | 1p ordinary shares 31 January 2025 Number | 1p ordinary shares 31 January 2024 Number |
|------------|--|--|
| D Thompson | 36,062 | 15,000 |
| L Montague | 504,688 | 417,363 |

During the period between 31 January 2025 and 29 April 2025, Patrick Lewis received 4,571 shares in the Company by way of a discretionary portfolio. Directors not listed in the above table do not currently hold shares in the Company.

Non-executive Directors

The remuneration of the Non-executive Directors comprises only Directors' fees and is determined by the Board.

All Non-executive Directors have service contracts with a three-year initial term subject to a six-month notice provision. Their remuneration is determined by the Board taking into account their duties and the level of fees paid to Non-executive Directors of similar companies. The Non-executive Directors do not participate in the Company's bonus or long-term incentive schemes and no pension contributions are made in respect of them.

For the forthcoming year ending 31 January 2026, the approach to fee increases for Non-executive Directors replicates that being adopted by the Executive Directors, with a potential increase of 2%, with effect from 1 August 2025 if the business performs in line with the budget.

Directors' Remuneration Report continued

| Title | FY2025 Fee | FY2026 Fee | Committee Chair Fee |
|------------------------|-----------------|---------------|------------------------|
| Chairman | £123,770 | £126,246 | |
| Non-executive Director | £50,633 | £51,646 | £5,000 |

Directors' remuneration

The following table summarises the total gross remuneration for the reporting period of the Directors who served during the period to 31 January 2025.

Using the single figure methodology, awards are recognised and disclosed in the year when the performance measures or targets set have been achieved, or substantially achieved, during the year being reported on.

| Year to 31 January 2025 | Salary £000 | Bonus £000 | RSP* £000 | Benefits £000 | Pension or cash equivalent £000 | Total £000 |
|---------------------------------|----------------|---------------|--------------|------------------|---------------------------------------|---------------|
| Executive Directors: | | | | | | |
| Lisa Montague | 383 | — | 37 | 17 | 23 | 460 |
| Mike Woodcock | 223 | — | 14 | 2 | 12 | 251 |
| Non-executive Directors: | | | | | | |
| Dianne Thompson | 124 | — | — | — | — | 124 |
| Christopher Rogers | 56 | — | — | — | — | 56 |
| Juliette Stacey | 56 | — | — | — | — | 56 |
| Patrick Lewis | 51 | — | — | — | — | 51 |
| | 893 | 0 | 51 | 19 | 35 | 998 |

* The RSP column provides the value of the 2022 RSP award based on the average share price during the three-month period to 31 January 2025 of 59.2p and a vesting outcome of 33% of maximum. The awards will vest following the end of three years from the date of grant and be released 40% on 30 May 2025, 40% on 30 May 2026 and 20% on 30 May 2027.

| Year to 31 January 2024 | Salary £000 | Bonus £000 | RSP* £000 | Benefits £000 | Pension or cash equivalent £000 | Total £000 |
|---------------------------------|----------------|---------------|--------------|------------------|---------------------------------------|---------------|
| Executive Directors: | | | | | | |
| Lisa Montague | 368 | 78 | 103 | 17 | 23 | 589 |
| Mike Woodcock | 214 | 34 | — | 2 | 9 | 259 |
| Non-executive Directors: | | | | | | |
| Dianne Thompson | 119 | — | — | — | — | 119 |
| Christopher Rogers | 54 | — | — | — | — | 54 |
| Juliette Stacey | 54 | — | — | — | — | 54 |
| Patrick Lewis | 49 | — | — | — | — | 49 |
| | 858 | 112 | 103 | 19 | 32 | 1,124 |

* The RSP column provides the value of the 2021 RSP award based on the average share price during the three-month period to 31 January 2024 of 117.9p and a vesting outcome of 66% of maximum. The awards vest in three tranches, with the first tranche of 40% having taken place on 14 June 2024. A further 40% will be released on 14 June 2025 and 20% on 14 June 2026.

Annual bonus for the year ended 31 January 2025

The Chief Executive Officer's and the Chief Financial Officer's maximum bonus potential for the year ended 31 January 2025 was 100% of base salary. Bonus achievement was linked to performance against underlying profit targets with the portion of bonus paid then determined based on performance against individual objectives. The Group did not achieve an adjusted underlying PBT above the threshold performance level required and therefore no bonus will be paid to the CEO and CFO.

RSP awards

As noted above, from 2020 onwards, awards have been made under the restricted share plan.

2020 RSP award

The second tranche of the RSP award granted in 2020 vested on 11 November 2024. The performance underpins were based on the adjusted underlying profit before tax*, free cash flow achieved for the relevant measurement period and continuous improvement in sustainability based on a reduction in carbon footprint and contribution to the UN Sustainable Development Goals plus there being no environmental, social or governance issues which have resulted in material reputational damage to the Company.

As disclosed previously, the underpin performance criteria were not met in full, with two of the underpins not achieved. The Committee recognised the challenges of these underpins being met during a time of economic and political upheaval, and recognising that there was strong performance in Total Shareholder Return, determined that a scale-back of 25% of maximum would be appropriate, resulting in final award size of 75% of maximum for the Executive Directors. The share price at the time of the second tranche of the vesting was 68.5p.

2021 RSP award

The RSP award granted in 2021 vested on 14 June 2024. The performance underpins for the 2021 award were based on the adjusted underlying profit before tax*, free cash flow achieved for the relevant measurement period and continuous improvement in sustainability based on a reduction in carbon footprint, the retention of Planet Mark certification plus there being no environmental, social or governance issues which have resulted in material reputational damage to the Company.

For the 2021 award, the Remuneration Committee assessed performance against the underpin conditions up to 31 January 2024. Despite a robust performance over the period, particularly the relative Total Shareholder Return as shown in the adjacent column, the underpin performance criteria were not met in full. Whilst the sustainability underpin was met with continued reduction in carbon emissions, retention of Planet Mark certification and no environmental, social or governance issues occurring to potentially incur reputational damage, the free cash flow and profit underpins fell short of their criteria. Despite there being free cash generation of £6.9m over three years, the outcome fell short of the underpin target, and adjusted underlying profit before tax at £12.2m in FY2024 also fell short of the underpin target. Both financial underpins were set before the significant economic headwinds which impacted the last two years of the measurement period. The Committee reflected on the outcomes, taking into account the stretching nature of the underpins and the significant progress which the Company has achieved over the last three years, including the strong performance in Total Shareholder Return, and determined that a scale-back of 34% of maximum would be appropriate, resulting in a final award size of 66% of maximum for the Executive Directors. The share price at the time of the first tranche of vesting was 108p.

* Underlying earnings adjusted for accounting charges relating to share-based incentives, defined benefit pension charge and non-underlying items.

2022 RSP award

The performance underpins for the 2022 award were based on the adjusted underlying profit before tax, cash generated from operations achieved for the relevant measurement period and continuous improvement in sustainability based on a reduction in carbon footprint, the retention of Planet Mark certification plus there being no environmental, social or governance issues which have resulted in material reputational damage to the Company.

For the 2022 award, the Remuneration Committee assessed performance against the underpin conditions up to 31 January 2025. The underpin performance criteria were not met in full. Whilst the sustainability underpin was met in full with continued reduction in carbon emissions, retention of Planet Mark certification and no environmental, social or governance issues occurring to potentially incur reputational damage, the cash generated from operations fell short of their criteria and adjusted underlying profit before tax at £4.4m in FY2025 fell short of the underpin target. The Committee reflected on the outcomes and determined that a scale-back of 67% of maximum would be appropriate, resulting in a final award size of 33% of maximum for the Executive Directors.

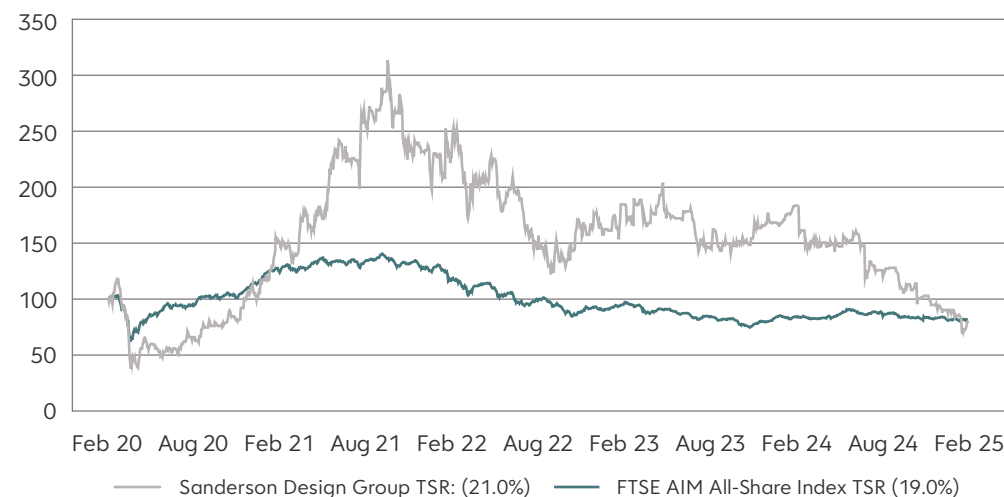
The award will vest following the end of the three years from the date of grant, with 40% released on 30 May 2025. A further 40% will be released on 30 May 2026 and 20% on 30 May 2027.

Directors' LTIP awards

| | Date of grant* | Share price at grant | Exercise price | Maximum outstanding awards at 1 February 2024 | Granted in year | Exercised in year | Lapsed in year | Maximum outstanding awards at 31 January 2025 |
|------------|----------------|----------------------|----------------|---|-----------------|-------------------|----------------|---|
| L Montague | 11/11/2020 | 68.0p | nil | 131,625 | | 65,813 | | 65,812 |
| L Montague | 14/06/2021 | 175.0p | nil | 132,454 | | 34,968 | 45,034 | 52,452 |
| L Montague | 30/05/2022 | 140.8p | nil | 188,366 | | | | 188,366 |
| L Montague | 02/06/2023 | 123.5p | nil | 223,391 | | | | 223,391 |
| L Montague | 29/05/2024 | 105.3p | nil | 0 | 272,481 | | | 272,481 |
| M Woodcock | 30/05/2022 | 140.8p | nil | 73,138 | | | | 73,138 |
| M Woodcock | 02/06/2023 | 123.5p | nil | 86,737 | | | | 86,737 |
| M Woodcock | 29/05/2024 | 105.3p | nil | 0 | 137,536 | | | 137,536 |

* As noted above, the 2020, 2021, 2022, 2023 and 2024 awards were made under the Restricted Share Plan.

Total Shareholder Return index for the five financial years ending 31 January 2025



The performance underpins for the 2021 and 2022 awards are based on underlying profit before tax* and free cash flow achieved for the relevant measurement periods and continuous improvement in sustainability based on a reduction in carbon footprint and contribution to the UN Sustainable Development Goals plus there being no environmental, social or governance issues which have resulted in material reputational damage to the Company. The performance underpins for the 2023 and 2024 award are based on cash generated from operations, revenue growth in the USA, and environmental targets.

Subject to the achievement of underpins, the 2022 awards will vest following the end of year three, and will be released 40% on 30 May 2025, 40% on 30 May 2026 and 20% on 30 May 2027; the 2023 awards will be released 40% on 2 June 2026, 40% on 2 June 2027 and 20% on 2 June 2028; and for the 2024 awards 40% on 29 May 2027, 40% on 29 May 2028 and 20% on 29 May 2029.

Patrick Lewis

Chair of the Remuneration Committee
29 April 2025

Audit Committee Report



Membership

The Committee is comprised solely of independent Directors, being myself as Chair and the other Non-executive Directors, Dianne Thompson and Patrick Lewis. The Board is satisfied that I have significant and relevant experience to chair the Audit Committee in line with the QCA Code.

Roles and responsibilities

The role of the Committee is to support the Board in carrying out its responsibilities for oversight and governance of the Group's financial reporting, its key internal controls/risk management systems and the relationship with the external auditors. In this context, the Audit Committee's responsibilities are to:

- Monitor the integrity of the financial statements of the Company, reviewing any significant reporting issues and key judgements they contain.
- Review the clarity of disclosure and information contained in the Annual Report and Accounts.
- Challenge management on the effectiveness of the Group's internal control and risk management systems.
- Oversee the relationship with the external auditors, reviewing performance and advising the Board on their appointment, independence and remuneration.
- Monitor the statutory audit of the Annual Report and financial statements.
- Ensure appropriate arrangements are in place for individuals to raise concerns regarding breach of conduct and legal and regulatory compliance. A copy of the whistleblowing policy is available on the corporate intranet.

The full terms of reference for the Committee can be found on the Company's website and were last reviewed and updated in October 2024.

Meetings

The Committee meets at least three times a year to review the external auditors' audit plan for the annual audit; the draft Annual Report and Accounts; and the Interim Report. At meetings, the findings of the external auditors are discussed and key risks are reviewed with management

and the auditors, including how management are mitigating key risks. There were three meetings in the period to January 2025.

Each meeting is attended by the Committee's members and the Company Secretary as well as, by invitation, the Executive Directors and the external auditors, or other advisers, where appropriate. A record of the meeting attendance at formal meetings by Committee members is set out in the Corporate Governance Report on page 53.

At each formal meeting, the Committee held a private meeting with the external auditors, without management being present, to receive feedback from them. The Audit Committee Chair also meets separately with the Chief Financial Officer and auditors outside of the formal meeting programme which helps to identify key areas of focus and emerging issues that may need to be added to the Audit Committee's agenda.

The Committee is kept up to date with changes to accounting standards and developments in financial reporting, company law and other regulatory matters through updates from the external auditors, other advisers and the Company Secretary.

The effectiveness of the Audit Committee formed part of the Board evaluation process described in the Corporate Governance Report on page 54.

The Committee undertook the following activities during the year:

Financial reporting

The Committee reviewed the Annual and Interim Reports, including the significant financial reporting issues and key judgements contained therein. The Committee confirms that appropriate accounting standards have been applied and that the financial statements give a true and fair view and the disclosures made are balanced. In reaching this conclusion, the Committee gave due regard to a report prepared by the external auditors which included significant reporting and key accounting matters, summarised below.

Tax

The Committee received tax updates from the finance team at regular intervals throughout the year, which included commentary on the areas supported by our tax advisers, KPMG, relating to tax compliance, risks, governance and advisory services.

Key accounting estimates and judgements

The Committee reviewed and challenged the assumptions and scenarios applied by management with respect to key accounting estimates and judgements. The Committee also discussed BDO's assessment of the appropriateness of management's accounting in relation to each of these estimates and judgements. BDO reported to the Committee on the work performed in assessing each during their audit, details of which are provided in BDO's Auditors' Report on pages 66 to 71.

a. Inventory

Due to the levels of stock held, there is an ongoing focus by management on inventory levels. Inventory is discussed at both Board and Committee level. Management applies a consistent provisioning methodology with regard to the ageing of inventory. There is also an additional management judgement overlay based on specific factors. The continuing appropriateness of the provisioning methodology is tested by both management and the auditors.

b. Defined benefit pension schemes

Details of the Group's defined benefit pension plans are set out at note 20. An independent firm of pension advisers continues to work with the Group and the Trustees of the pension schemes to help manage affairs and ensure that the Group's obligations to scheme members are appropriately met.

Management also engaged a third-party actuary to assist them in the preparation of the pension accounting and financial statements disclosures. As at 31 January 2025, there was a surplus of assets over liabilities of £2.3m (FY2024: deficit of £0.9m). BDO consider the accounting for the retirement benefit obligation and related disclosures are consistent with accounting rules.

c. Going concern

The Audit Committee, and subsequently the Board, have reviewed the going concern assessment and the Board concluded that the Group and the Company continue to adopt the going concern basis in preparing the financial statements. In addition, the Committee has discussed with management and BDO the disclosures relating to going concern included in the Financial Statements.

d. Intangibles and goodwill impairment

The recoverable amounts of cash-generating units have been determined based on value in use ('VIU') calculations. These calculations require use of estimates of future sales, margins, and other operating and administration expenses, and of discount rates. In assessing whether an impairment of goodwill is required, the carrying value of the cash-generating unit ('CGU') or group of CGUs is compared with its recoverable amount. The recoverable amounts for each CGU, being a division of the business operated at a separate site, and collectively for groups of CGUs that make up the segments of the Group's business, have been based on the VIU. The Group estimates the VIU using a discounted cash flow model ('DCF'), where the projected cash flows for separate or collective groups of CGUs are discounted using a post-tax rate of 12.00% (2024: 11.18%). The discount rate used is the same across all segments. As a result of this testing, we have identified a one-off, non-cash impairment of goodwill of £16.3m associated with the acquisition of the Clarke & Clarke brand in 2016.

The capitalisation of collection design costs and the valuation of intangible assets require significant judgement and BDO reported to the Committee on the work performed in assessing each during their audit and the review and appropriateness of management's impairment model in the valuation of intangible assets

Internal controls and risk management

Management has an ongoing process to identify, evaluate and manage the risks faced by the Group. Each business unit reports monthly on key risks identified and measures that are being taken to mitigate the risk. As part of the year-

end preparation, management carried out a full refresh of the risk register. This included a bottom-up review of risks across all sites and areas of operation, revising or reconfirming ownership and updating mitigating actions and controls. The Strategic Report includes further detail as to the business risks identified and actions being taken (see pages 44 to 48).

The Group has an established internal control framework, the key factors of which include clearly defined levels of responsibility and delegation of authority, a comprehensive monthly reporting process, monthly business performance review of actual results against budget, together with commentary on significant variances and updates of both profit and cash flow, and a comprehensive budgeting process. All significant capital expenditure is approved by the Board.

Throughout the period, the Executive Directors provided relevant and timely financial commentary to the Board to supplement the financial reporting, ensuring the Board and Audit Committee were informed of the financial position and result of the Group.

Internal audit

The Group does not have a formal internal audit function and the Committee considers that management is able to derive assurance as to the adequacy and effectiveness of internal controls and risk management procedures without one.

External audit

BDO were first appointed in 2021, following a tender process, to conduct the audit of the Group's financial statements for the financial year ending 31 January 2022, and this is their fourth year auditing the Group's Annual Report. In accordance with best practice and professional standards, the external auditor is required to adhere to a rotation policy whereby the audit engagement partner is rotated at least every five years. The FY2025 audit is the fourth year of Gareth Singleton's tenure as lead audit engagement partner.

At its meetings, the Committee had discussions with the external auditors on audit planning, fees, accounting policies, audit findings and internal controls. This included a review with the auditors and management of how management are addressing control recommendations made by the auditors. The effectiveness of the audit was assessed through the review of audit plans, reports and conclusions and discussions with management and the external auditors.

The Audit Committee reviewed the effectiveness of BDO's performance of the external audit process taking into account the quality and scope of the audit plan, and evaluation of delivery and performance against the plan; qualifications, efficiency and performance of the audit team; the communication between the Company and BDO; and BDO's understanding of the Group's business and industry sector. After considering these matters, the Audit Committee was satisfied with the effectiveness of the year end audit process and recommended that BDO be reappointed at the Company's AGM.

Auditor independence

To ensure auditor objectivity and independence, the Committee has adopted a policy on the engagement of external auditors for the provision of non-audit services, which the Audit Committee must pre-approve. The policy is available on the website.

Any work by BDO must be pre-approved by the Committee before the work commences. There has been no engagement of BDO for provision of non-audit services during the reporting period. Details of fees paid to BDO during the year are disclosed in note 6 of the financial statements.

The Committee has confirmed it is satisfied with the independence, objectivity and effectiveness of BDO.

Juliette Stacey

Chair of the Audit Committee
29 April 2025

Report of the Directors

The Directors submit their Annual Report together with the audited financial statements of the Company and its subsidiary undertakings ('the Group') for the year ended 31 January 2025. The Strategic Report on pages 2 to 48 is incorporated by reference and deemed to form part of this report.

Group result

Reported (loss)/profit before taxation amounted to £(13.9)m (2024: £10.4m), and (loss)/profit after tax £(15.2)m (2024: £8.2m).

Dividend

The Directors recommend payment of a final ordinary dividend of 1.0p per share (excluding dividends on shares held by the employee benefit trust) which will be recognised in the financial statements for the following year (2024: 2.75p per share). Subject to shareholders' approval at the Annual General Meeting ('AGM') the final dividend is expected to be paid on 8 August 2025 to shareholders on the register at 11 July 2025, with an ex-dividend date of 10 July 2025.

An interim dividend of 0.50p per share was paid during the year.

Going concern

The Directors reviewed a Management Base Case model and considered the uncertainties regarding the impact of economic difficulties (including inflationary pressures and interest rate rises) and the war in Ukraine (including impact of sanctions, duration of war and inflationary pressures) for the assessment of going concern. The Directors consider that, having reviewed forecasts prepared by the management team which have been stress tested, the Group has adequate resources to continue trading for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details of the review are disclosed in note 1 to the financial statements.

Post balance sheet events

The Board considers that no material post balance sheet events occurred between the end of the period and the date of publication of this report.

Business review and future developments

A review of the principal activities during the year and likely developments of the business is contained in the Strategic Report, together with key performance indicators. A description of the Group's exposure and management of risks is provided in the Strategic Report.

Section 172(1) statement

A Section 172(1) statement which sets out how the Directors have had regard to the matters under s172 of the Companies Act 2006 is also included in the Strategic Report on page 27.

Financial risk management

Details of the Group's financial risk management objectives and policies are contained in the Strategic Report on page 45 and in note 2 to the financial statements.

Research and development

The Group continues to invest in its products to retain and enhance its market position. Details of the Group's expenditure on collection design development costs are set out in note 13 of the financial statements.

Employees

The Group is a responsible employer, compliant with all relevant human resources and health and safety regulations. Further information regarding employment policies, engagement and reward are contained within the Directors' Remuneration Report and the Live Beautiful section and s172 Statement within the Strategic Report.



Directors

The Board of Directors who served during the year ended 31 January 2025 and up to the date of reporting was as follows:

| Name | Position | Date | Committees* |
|-----------------------|-------------------------------------|-----------------|---|
| Dianne Thompson | Non-executive Director and Chairman | From 01.02.2024 |    |
| Christopher Rogers*** | Non-executive Director | From 01.02.2024 |    |
| Juliette Stacey | Non-executive Director | From 01.02.2024 |    |
| Patrick Lewis | Non-executive Director | From 01.02.2024 |    |
| Lisa Montague | Executive Director, CEO | From 01.02.2024 | |
| Mike Woodcock | Executive Director, CFO | From 01.02.2024 | |

* Bold type 'C' denotes Committee Chair.

** Patrick Lewis was appointed as Chair of the Remuneration Committee from 1 January 2025 to replace Christopher Rogers.

*** Christopher Rogers stepped down from the Board of Directors on 1 February 2025 and as Chair of the Remuneration Committee from 1 January 2025.

Details of the Directors' service contracts are set out in the Directors' Remuneration Report on pages 57 and 58. No Director has any beneficial interest in the share capital of any subsidiary or associate undertaking. Biographical details of the Directors are set out on page 50.

Appointment and retirement of Directors

Subject to applicable law, from time to time the Board may appoint any person to be a Director. Under the Articles, any such Director shall hold office until the next AGM and shall then be eligible for election. The Articles require that at each AGM one-third of the Board should retire as Directors by rotation and that each Director stand for re-election at least every third year.

In our commitment to good corporate governance practice that is relevant to our business, the Board has voluntarily adopted the policy that all continuing Directors stand for re-election on an annual basis, in line with the recommendations of the UK Corporate Governance Code. At the 2025 AGM, all of the Directors will retire and offer themselves for re-election.

Christopher Rogers served as a Director of the Company until 1 February 2025. It was decided that the Board composition remained appropriate and it was decided not to replace Christopher Rogers at the current time.

Directors' interests in material contracts

None of the Directors had any material interest in any contract during the year which was significant to the business of the Group.

Directors' share interests

The interests of the Directors and their families in the shares of the Company at the beginning and end of the financial year were as follows:

| | 1p ordinary shares 31 January 2025 Number | 1p ordinary shares 31 January 2024 Number |
|------------|---|---|
| D Thompson | 36,062 | 15,000 |
| L Montague | 504,688 | 417,363 |

During the period between 31 January 2025 and 29 April 2025, Patrick Lewis received 4,571 shares in the Company by way of a discretionary portfolio.

Directors' and officers' liability insurance

The Group maintains liability insurance for its Directors and officers, including a qualifying third-party indemnity provision, that has been in place during the financial year and to the date of approval of this report.

Pensions

The Group operates defined benefit and defined contribution schemes in the UK and overseas for all qualifying employees. Further information on the schemes and details of the valuations are given in note 20 to the consolidated financial statements.

Political donations

The Group has not made any political donations (2024: £nil).

Emissions and energy consumption

Details of the Group's energy usage and disclosures under the SECR framework are contained in the Strategic Report on page 34.

Annual General Meeting

The AGM will be held on 25 June 2025. The notice convening the meeting will be sent to shareholders by way of a separate circular. Explanatory notes on each resolution to be proposed at the meeting will accompany the circular.

Share capital

The Company's issued capital consists of 71,994,853 ordinary shares with a nominal value of 1p each, with each share carrying the right to one vote and the right to distributions from dividends or on winding up of the Company. There are no restrictions on the transfer of securities. No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

Directors' authority to issue and purchase shares

At the AGM in 2024, the Directors were authorised to allot ordinary shares up to a nominal value of £239,020.75 and were further authorised to make market purchases of up to 7,170,622 of the Company's ordinary shares. Details of shares allotted during the year are shown in note 22 to the consolidated financial statements.

Substantial shareholdings

As at 6 March 2025, being the last practicable date before publication of this report, the Company was aware of the following substantial shareholdings in its ordinary share capital. The percentages are calculated from the 71,994,853 ordinary 1p shares allotted, called and fully paid up.

| | 6 March 2025 |
|------------------------------|--------------|
| Octopus Investments | 10.04% |
| FIL Investment International | 9.48% |
| Close Asset Management | 8.80% |
| BGF Investments | 5.90% |
| Hargreaves Lansdown | 5.77% |
| Liberum Wealth | 5.57% |
| Ennismore Fund Management | 5.39% |
| Interactive Investor | 4.84% |
| Charles Stanley | 3.68% |

Independent auditors

BDO LLP has expressed its willingness to continue in office as auditors, and a resolution to reappoint them will be proposed at the AGM.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK adopted International Accounting Standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law).

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring the Annual Report and financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions.

The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors' confirmations

In the case of each Director in office at the date the Report of the Directors is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.

By order of the Board



David Gracie

on behalf of Indigo Corporate Secretary
Company Secretary
29 April 2025

Registered Office

Voysey House,
Sandersons Lane,
London, W4 4DS
Registered number 00061880



Financial Statements

| | |
|-----|---|
| 66 | Independent Auditors' Report to the Members of Sanderson Design Group PLC |
| 72 | Consolidated Income Statement |
| 72 | Consolidated Statement of Comprehensive Income |
| 73 | Consolidated Balance Sheet |
| 74 | Consolidated Cash Flow Statement |
| 75 | Consolidated Statement of Changes in Equity |
| 76 | Notes to the Consolidated Financial Statements |
| 99 | Company Balance Sheet |
| 100 | Company Statement of Changes in Equity |
| 100 | Notes to the Company Financial Statements |
| 107 | Glossary |
| 108 | Five-Year Record |
| 108 | Shareholder Information |

Independent auditors’ report to the members of Sanderson Design Group PLC

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group’s and of the Parent Company’s affairs as at 31 January 2025 and of the Group’s loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Sanderson Design Group Plc (the ‘Parent Company’) and its subsidiaries (the ‘Group’) for the year ended 31 January 2025 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, the Company Balance Sheet and the Company Statement of Changes in Equity and notes to the financial statements, including material accounting policy information.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors’ assessment of the Group and the Parent Company’s ability to continue to adopt the going concern basis of accounting included:

- Obtaining an understanding of how the Directors undertook the going concern assessment process to determine if we considered it to be appropriate for the circumstances by way of enquiry with the Directors in regards to who prepared the assessment and the information and individuals consulted in the process;
- Obtaining the Directors’ trading forecasts underlying the going concern assessment and challenging the Directors on the key estimates and assumptions within the forecasts being the forecast levels of revenue, gross profit and working capital cycles, through analysis and comparison of forecasts with prior year actuals. This assessment included a consideration of the impact of current macroeconomic factors and impacts in respect of cost inflation and market demand;

- Performing data verification and logic checks to confirm the mathematical accuracy of the forecast model;
- Reviewing the Directors’ ‘stress tested’ sensitivity analysis to assess the quantum of adverse variance against forecast that could be sustained without breaching its bank covenants or indicating other material uncertainties over the going concern assumption;
- Analysing post year end trading results compared to forecast and current year to evaluate the accuracy and achievability of forecasts; and
- Evaluating the adequacy of disclosures in relation to going concern and whether they accurately capture the basis on which the Directors have reached their conclusions and key judgements taken.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

| Key audit matters | 2025 | 2024 |
|--|---|------|
| Inventory valuation and adequacy of inventory provision | ✓ | ✓ |
| Impairment of goodwill | ✓ | |
| Impairment of goodwill is considered to be a key audit matter for the year ended 31 January 2025 because the judgement has become more sensitive and the Directors have concluded it is appropriate to record a material impairment to the carrying value of goodwill. | | |
| Materiality | Group financial statements as a whole | |
| | £400,000 (2024: £517,000) based on 5% (2024: 5%) of a 3 year average of Profit before tax and impairment charges (2024: 5% of Profit before tax). | |

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, the applicable financial reporting framework and the Group’s system of internal control. On the basis of this, we identified and assessed the risks of material misstatement of the Group financial statements including with respect to the consolidation process. We then applied professional judgement to focus our audit procedures on the areas that posed the greatest risks to the group financial statements. We continually assessed risks throughout our audit, revising the risks where necessary, with the aim of reducing the group risk of material misstatement to an acceptable level, in order to provide a basis for our opinion.

Components in scope

There are 8 active components within the group, including the parent company, plus a number of dormant entities. The Group’s principal trading entities are Sanderson Design Group Brands, Anstey Wallpaper Company, Standfast & Barracks and Sanderson Design Group US and there is a sales support office based in the Netherlands. Sanderson Design Group Plc acts as a holding company for the group and carries head office overheads.

The processes and controls of each component are managed locally with oversight from Group management.

As part of performing our Group audit, we have determined the components in scope as follows:

- Sanderson Design Group Plc;
- Sanderson Design Group Brands;
- Anstey Wallpaper Company;
- Standfast & Barracks; and
- Sanderson Design Group US.

For components in scope, we carried out full scope audit procedures on the entire financial information of the component using a combination of risk assessment procedures and substantive procedures. For other components, we performed risk assessment procedures to determine the extent of work required and concluded that no further substantive procedures were necessary to address the group audit risks of material misstatement. The Group engagement team has performed all procedures directly, and has not involved component auditors in the Group audit.

Disaggregation

The financial information relating to Group Risks of Material Misstatement is highly disaggregated across group. We performed procedures at the component level in relation to these risks in order to obtain comfort over the residual population of group balances.

Changes from the prior year

There were no significant changes in group audit scope from the prior year.

Climate change

Our work on the assessment of potential impacts of climate-related risks on the Group's operations and financial statements included:

- Enquiries and challenge of management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report;
- Our own qualitative risk assessment taking into consideration the sector in which the Group operates and how climate change affects this particular sector;
- Involvement of climate-related experts in evaluating management's risk assessment; and
- Review of the minutes of Board and other papers related to climate change and performed a risk assessment as to how the impact of the Group's commitment may affect the financial statements and our audit.

We challenged the extent to which climate-related considerations, including the expected cash flows from the initiatives and commitments have been reflected, where appropriate, in the Directors' going concern assessment and in management's judgements and estimates in relation to the carrying values of non-current assets.

We also assessed the consistency of management's disclosures included as 'Other Information' on pages 35 to 43 with the financial statements and with our knowledge obtained from the audit.

Based on our risk assessment procedures, we did not identify there to be any Key Audit Matters materially impacted by climate-related risks and related commitments.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditors' report to the members of Sanderson Design Group PLC continued

Key audit matter

How the scope of our audit addressed the key audit matter

Inventory valuation and adequacy of inventory provision

(see accounting policies, critical accounting estimates and judgements in Note 3 (c) and Note 16 Inventories)

The Group has inventory balances of £27.2m which is stated net of material inventory provisions. The provision is calculated based on a formula driven factor table including inputs relating to whether the inventory lines are classed as discontinued, the age of the inventory and sales history. There is management judgement in relation to the inventory provisioning methodology.

There is a significant amount of judgement involved in determining an appropriate basis of inventory value and provision. There is also a risk of fraud through manipulation of the inventory provision. We therefore determined the valuation of inventory as a key audit matter.

We challenged management on their inventory costing methodology by testing overheads absorbed into the cost of inventory and assessing whether they were directly attributable product costs. On a sample basis, we substantiated the costs absorbed into inventory and considered the eligibility of costs included as production overheads. Our assessment was based on both the nature of the costs, corroborated by supporting evidence, and also a physical inspection of the manufacturing sites. We also benchmarked profit margins used to eliminate unrealised profit arising from intergroup sales from inventory against historic levels.

We reviewed the provisioning model and tested the mathematical accuracy of the calculations and verified that the provision was being appropriately calculated in line with the factor tables. We performed data integrity tests on the model to verify that the key inputs to the calculation were appropriately derived from underlying system data.

We considered the appropriateness of the provisioning methodology applied in the factor tables by quantifying exposures to inventory lines without sales in the last 12 months and inventory lines designated by management as 'obsolete'. We specifically tested that the provisioning methodology had been applied on a consistent basis year on year to mitigate the risk of manipulation of earnings.

We assessed the reasonableness of the provisions by performing a 'look-back' assessment, which involved comparing inventory written off in the year against the prior year provision as well as inventory provisions that were written back in the current year.

We considered the results of the procedures above and concluded whether the accounting treatment was consistent with the requirements of IAS 2 Inventories.

Key observations:

We consider the assumptions and methodology underpinning the inventory valuation and provision to be reasonable, and in line with the requirements of the accounting standards.

Impairment of goodwill

(see accounting policies, critical accounting estimates and judgements in Note 3 (b) and Note 13 Intangible assets)

In accordance with the requirements of IAS 36 Impairment of assets, management has performed impairment reviews in relation to goodwill held in the Group's cash generating units (CGUs).

The impairment reviews include significant estimates and judgements in respect of future growth rates, cash flows and the discount rate employed, and an impairment of £16.3m has been recognised against the carrying value of goodwill. We therefore determined the goodwill impairment review to be a key audit matter.

We obtained the Group's five year cash flow forecasts to 31 January 2030 supporting its impairment review and evaluated the appropriateness of key assumptions. We assessed the methodology used by management and challenged and evaluated key inputs including:

We verified the mathematical accuracy of the net discounted cash flow ('DCF') impairment model's underlying calculations and agreed the cash flow forecasts to the plan approved by the Board;

We evaluated the appropriateness of forecast cash flows by understanding management's process for forecasting, examining the support for forecast cash flows and assessing CGU specific cash flow assumptions, This included challenging the allocation of cash flows between CGUs and the appropriateness of adjusting items within the cash flow models;

We compared the projected growth rates used to historical information and economic forecasts. We confirmed that the rates used by management were reasonable and in line with UK economic forecasts;

We involved auditor's valuation experts to support our work in evaluating the appropriateness of discount rates used. We recalculated a range of rates based on the expectations of market participants and challenged management's calculation based on our work. This challenge resulted in management re-assessing and increasing the discount rate applied in their model and increasing the level of impairment charge; and

We performed a range of sensitivity analyses to assess the impact of reasonably possible changes in key assumptions used by management, including the quantum and timing of future revenues received. We have also checked the accuracy of management's sensitivity disclosures.

Key observations:

Based on our audit work performed, we consider the final estimates and judgements made by management in the goodwill impairment assessment are appropriate and support management's conclusion that it is appropriate to record a full impairment against goodwill.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

| Group financial statements | | | Parent Company financial statements | |
|---|---|---|--|---|
| | 2025 £000 | 2024 £000 | 2025 £000 | 2024 £000 |
| Materiality | 400 | 517 | 200 | 258 |
| Basis for determining materiality | 5% rounded 3 year average profit before tax and impairment charges | 5% profit before tax | 50% of Group materiality | 50% of Group materiality |
| Rationale for the benchmark applied | Profit before tax is considered to be the key driver of the Group's value and is considered to be the measure of most importance to the shareholders. The impairment charge is not deemed to be reflective of the Group's underlying trade. | | The materiality of the Parent Company was capped at a percentage of Group materiality to respond to aggregation risk. | |
| Performance materiality | 300 | 387 | 150 | 193 |
| Basis for determining performance materiality | Set at 75% of materiality. | Set at 75% of materiality. | Set at 75% of materiality. | Set at 75% of materiality. |
| Rationale for the percentage applied for performance materiality | The threshold was maintained at the same level as prior year to address the aggregation risk of unadjusted misstatements. | The threshold was maintained at the same level as prior year to address the aggregation risk of unadjusted misstatements. | The threshold was maintained at the same level as prior year to address the aggregation risk of unadjusted misstatements. | The threshold was maintained at the same level as prior year to address the aggregation risk of unadjusted misstatements. |

Component performance materiality

For the purposes of our Group audit opinion, we set performance materiality for each component of the Group, apart from the Parent Company whose materiality and performance materiality are set out above, based on a percentage of between 40% and 80% (2024: 34% and 87%) of Group performance materiality dependent on a number of factors including the relative size of the component and our assessment of the risk of material misstatement of those components. Component performance materiality ranged from £120,000 to £240,000 (2024: £131,250 to £337,500).

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £8,000 (2024: £10,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the document entitled 'annual report' other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditors' report to the members of Sanderson Design Group PLC continued

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

| | |
|--|--|
| Strategic report and Directors' report | <p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. <p>In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.</p> |
| Matters on which we are required to report by exception | <p>We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:</p> <ul style="list-style-type: none"> adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or the Parent Company financial statements are not in agreement with the accounting records and returns; or certain disclosures of Directors' remuneration specified by law are not made; or we have not received all the information and explanations we require for our audit. |

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance, including the Audit Committee; and
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations;

we considered the significant laws and regulations to be the applicable accounting framework, UK tax legislation, the Companies Act 2006, the AIM listing rules and the principles of the Quoted Companies Alliance Corporate Governance Code.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be UK employment and health and safety legislation.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit;
- Review of legal expenditure accounts to understand the nature of expenditure incurred;
- Enquiries of management and those charged with governance of known or suspected non-compliance with laws and regulations or fraud in the period and other unusual transactions. We corroborated our enquires through a review of minutes of Board meetings throughout the year; and
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud.

Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be the key audit matter relating to inventory valuation, a fraud risk in relation to revenue recognition particularly in the period just before year end and the accelerated revenue recognised on licence income, and the risk of management override of controls.

Our procedures in respect of the above included:

- challenge of key estimates and judgements, including those applied to key audit matters by management in the financial statements to test that they are free from management bias;
- identifying and testing to supporting documentation, journal entries for the following journal types:
 - any journals outside of the normal course of business or indicative of manipulation of the financial statements;
 - all journals posted to revenue to ascertain if any unusual transactions exist which are outside the normal course of business; and
 - any manual or late journals posted at a consolidated level
- performing, amongst others, the following revenue tests:
 - review of the revenue nominal accounts for any unusual transactions;
 - testing a sample of transactions posted to the nominal ledger in January 2025 to check that revenue had been recorded in the correct period;
 - review of the elimination of intra-group revenue and associated unrealised profit within inventories at consolidation level;
 - reperforming the calculation of accelerated income on all contracts such that an immaterial amount remained untested; and
 - verifying rebate arrangements and substantiating calculations of accrued rebates at the year end and reviewing historic rebate / credit notes to check for completeness of rebate accruals;

- verification, on a sample basis, of costs capitalised as collection design costs to check that the relevant recognition criteria had been met and costs were not being capitalised to manipulate reported earnings;
- consideration of management's assessment of related parties and any unusual transactions and evaluating the process for identifying and monitoring any such transactions, and
- consideration of the total unadjusted audit differences for indications of bias or deliberate misstatement.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Gareth Singleton

(Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
Birmingham, UK

Date: 29 April 2025

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Income Statement

Year ended 31 January 2025

| | Note | 2025 £000 | 2024 £000 |
|--|------|-----------------|---------------|
| Revenue | 4 | 100,388 | 108,636 |
| Cost of sales | | (31,946) | (34,954) |
| Gross profit | | 68,442 | 73,682 |
| Net operating (expenses)/income: | | | |
| Distribution and selling expenses | | (25,695) | (25,320) |
| Administration expenses | | (44,858) | (43,559) |
| Impairment of intangible assets | | (16,250) | – |
| Other operating income | 5 | 4,010 | 4,932 |
| (Loss)/profit from operations | 4–6 | (14,351) | 9,735 |
| Finance income | | 1,057 | 847 |
| Finance costs | | (586) | (228) |
| Net finance income | 7 | 471 | 619 |
| (Loss)/profit before tax | | (13,880) | 10,354 |
| Tax expense | 10 | (1,356) | (2,157) |
| (Loss)/profit for the year attributable to owners of the parent | | (15,236) | 8,197 |
| (Loss)/earnings per share – Basic | 12 | (21.22)p | 11.46p |
| (Loss)/earnings per share – Diluted | 12 | (21.22)p | 11.34p |
| Adjusted earnings per share – Basic* | 12 | 3.92p | 13.74p |
| Adjusted earnings per share – Diluted* | 12 | 3.83p | 13.59p |

* These are alternative performance measures as defined in the Glossary on page 107.

All of the activities of the Group are continuing operations.

The notes on pages 76 to 98 form an integral part of the consolidated financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 January 2025

| | Note | 2025 £000 | 2024 £000 |
|--|------|-----------------|--------------|
| (Loss)/profit for the year | | (15,236) | 8,197 |
| Other comprehensive (expense)/income: | | | |
| Items that will not be reclassified to profit or loss | | | |
| Remeasurements of defined benefit pension schemes | 20 | (367) | (116) |
| Deferred tax charge relating to pension scheme liabilities | 11 | (801) | (404) |
| Corporation tax credit relating to pension scheme contributions | 10 | 970 | 399 |
| Investment-related defined benefit pension costs | 20 | (305) | (218) |
| Cash flow hedge | | (45) | (86) |
| Total items that will not be reclassified to profit or loss | | (548) | (425) |
| Items that may be reclassified subsequently to profit or loss | | | |
| Currency translation differences | | 58 | (402) |
| Other comprehensive expense for the year, net of tax | | (490) | (827) |
| Total comprehensive (loss)/income for the year attributable to the owners of the parent | | (15,726) | 7,370 |

The notes on pages 76 to 98 form an integral part of the consolidated financial statements.

Consolidated Balance Sheet

As at 31 January 2025

| | Note | 31 January 2025 £000 | 31 January 2024 £000 |
|--|------|----------------------------|----------------------------|
| Non-current assets | | | |
| Intangible assets | 13 | 10,901 | 26,695 |
| Property, plant and equipment | 14 | 12,938 | 12,444 |
| Right-of-use assets | 15 | 10,588 | 4,986 |
| Retirement benefit surplus | 20 | 2,310 | – |
| Minimum guaranteed licensing receivables | | 11,299 | 7,304 |
| | | 48,036 | 51,429 |
| Current assets | | | |
| Inventories | 16 | 27,201 | 26,706 |
| Trade and other receivables | 17 | 12,900 | 13,996 |
| Minimum guaranteed licensing receivables | | 2,999 | 2,144 |
| Financial derivative instruments | 21 | – | 26 |
| Corporation tax receivable | | 251 | – |
| Cash and cash equivalents | | 5,814 | 16,342 |
| | | 49,165 | 59,214 |
| Total assets | | 97,201 | 110,643 |
| Current liabilities | | | |
| Trade and other payables | 18 | (12,837) | (14,077) |
| Corporation tax payable | | – | (806) |
| Lease liabilities | 15 | (1,988) | (1,450) |
| Financial derivative instruments | 21 | (19) | – |
| Provision for liabilities and charges | 19 | (733) | (1,437) |
| | | (15,577) | (17,770) |
| Net current assets | | 33,588 | 41,444 |
| Non-current liabilities | | | |
| Lease liabilities | 15 | (9,244) | (3,696) |
| Deferred income tax liabilities | 11 | (2,679) | (1,747) |
| Retirement benefit obligations | 20 | – | (897) |
| Provision for liabilities and charges | 19 | (969) | – |
| | | (12,892) | (6,340) |
| Total liabilities | | (28,469) | (24,110) |
| Net assets | | 68,732 | 86,533 |

| | Note | 31 January 2025 £000 | 31 January 2024 £000 |
|-----------------------|------|----------------------------|----------------------------|
| Equity | | | |
| Share capital | 22 | 720 | 717 |
| Share premium account | | 18,682 | 18,682 |
| Retained earnings | | 9,534 | 27,396 |
| Other reserves | 23 | 39,796 | 39,738 |
| Total equity | | 68,732 | 86,533 |

The financial statements on pages 72 to 98 were approved by the Board of Directors on 29 April 2025 and signed on its behalf by



Lisa Montague
Director



Mike Woodcock
Director

Registered number: 61880

Consolidated Cash Flow Statement

Year ended 31 January 2025

| | Note | 2025 £000 | 2024 £000 |
|---|------|-----------------|--------------|
| Cash flows from operating activities | | | |
| (Loss)/profit from operations | | (14,351) | 9,735 |
| Intangible asset amortisation | 13 | 806 | 817 |
| Impairment of intangible assets | 13 | 16,250 | – |
| Property, plant and equipment depreciation and impairment | 14 | 2,341 | 2,333 |
| Right-of-use asset depreciation | 15 | 2,392 | 2,381 |
| Share-based payment charge | 22 | 245 | 480 |
| Defined benefit pension charge | 20 | 554 | 360 |
| Employer contributions to pension schemes | 20 | (4,369) | (2,314) |
| (Increase)/decrease in inventories | | (495) | 1,068 |
| Decrease in trade and other receivables | | 1,091 | 2,000 |
| Increase in minimum guaranteed licensing receivables | | (3,991) | (4,747) |
| Decrease in trade and other payables | | (1,206) | (2,611) |
| Increase in provision for liabilities and charges | | 15 | 400 |
| Tax paid | | (1,340) | (810) |
| Net cash (to)/from operating activities | | (2,058) | 9,092 |
| Cash flows from investing activities | | | |
| Finance income received | 7 | 134 | 216 |
| Purchase of intangible assets | 13 | (1,262) | (1,064) |
| Purchase of property, plant and equipment | 14 | (2,824) | (2,195) |
| Net cash used in investing activities | | (3,952) | (3,043) |
| Cash flows from financing activities | | | |
| Repayment of lease liabilities | 15 | (1,854) | (2,434) |
| Capitalisation of lease acquisition costs | | (355) | – |
| Interest paid | 7 | (30) | (17) |
| Dividends paid | 24 | (2,333) | (2,501) |
| Net cash used in financing activities | | (4,572) | (4,952) |
| Net (decrease)/increase in cash and cash equivalents | | (10,582) | 1,097 |
| Net foreign exchange movement | | 54 | (156) |
| Cash and cash equivalents at beginning of year | | 16,342 | 15,401 |
| Cash and cash equivalents at end of year | | 5,814 | 16,342 |

The notes on pages 76 to 98 form an integral part of the consolidated financial statements.

Consolidated Statement Of Changes in Equity

Year ended 31 January 2025

| | Note | Attributable to owners of the parent | | | | Total equity £000 |
|---|------|--------------------------------------|-------------------------------------|------------------------------|--|----------------------|
| | | Share capital (note 22) £000 | Share premium account £000 | Retained earnings £000 | Other reserves (note 23) £000 | |
| Balance at 1 February 2023 | | 715 | 18,682 | 21,779 | 40,140 | 81,316 |
| Profit for the year | | – | – | 8,197 | – | 8,197 |
| Other comprehensive income/(expense): | | | | | | |
| Remeasurements of defined benefit pension schemes | 20 | – | – | (116) | – | (116) |
| Deferred tax charge relating to pension scheme assets | 11 | – | – | (404) | – | (404) |
| Corporation tax credit relating to pension scheme contributions | | – | – | 399 | – | 399 |
| Investment-related defined benefit pension costs | 20 | – | – | (218) | – | (218) |
| Cash flow hedge | | – | – | (86) | – | (86) |
| Currency translation differences | | – | – | – | (402) | (402) |
| Total comprehensive income/(expense) | | – | – | 7,772 | (402) | 7,370 |
| Transactions with owners, recognised directly in equity: | | | | | | |
| Dividends | 24 | – | – | (2,501) | – | (2,501) |
| Issuance of share capital for share-based payment vesting | | 2 | – | (2) | – | – |
| Share-based payment equity charge | 22 | – | – | 422 | – | 422 |
| Related tax movements on share-based payment | 11 | – | – | (74) | – | (74) |
| Balance at 31 January 2024 | | 717 | 18,682 | 27,396 | 39,738 | 86,533 |

The notes on pages 76 to 98 form an integral part of the consolidated financial statements.

| | Note | Attributable to owners of the parent | | | | Total equity £000 |
|---|------|--------------------------------------|-------------------------------------|------------------------------|--|----------------------|
| | | Share capital (note 22) £000 | Share premium account £000 | Retained earnings £000 | Other reserves (note 23) £000 | |
| Balance at 1 February 2024 | | 717 | 18,682 | 27,396 | 39,738 | 86,533 |
| Loss for the year | | – | – | (15,236) | – | (15,236) |
| Other comprehensive income/(expense): | | | | | | |
| Remeasurements of defined benefit pension schemes | 20 | – | – | (367) | – | (367) |
| Deferred tax charge relating to pension scheme assets | 11 | – | – | (801) | – | (801) |
| Corporation tax credit relating to pension scheme contributions | 10 | – | – | 970 | – | 970 |
| Investment-related defined benefit pension costs | 20 | – | – | (305) | – | (305) |
| Cash flow hedge | | – | – | (45) | – | (45) |
| Currency translation differences | | – | – | – | 58 | 58 |
| Total comprehensive (loss)/income: | | – | – | (15,784) | 58 | (15,726) |
| Transactions with owners, recognised directly in equity: | | | | | | |
| Dividends | 24 | – | – | (2,333) | – | (2,333) |
| Issuance of share capital for share-based payment vesting | | 3 | – | (3) | – | – |
| Share-based payment equity charge | 22 | – | – | 287 | – | 287 |
| Related tax movements on share-based payment | 11 | – | – | (29) | – | (29) |
| Balance at 31 January 2025 | | 720 | 18,682 | 9,534 | 39,796 | 68,732 |

Notes to the Consolidated Financial Statements

1. Accounting policies and general information

General information

Sanderson Design Group PLC ('the Company') and its subsidiaries (together 'the Group') is a luxury interior furnishing group whose brands include Morris & Co., Sanderson, Zoffany, Clarke & Clarke, Harlequin and Scion. The brands are targeted at the mid to upper end of the premium market. They have worldwide distribution including prestigious showrooms at Chelsea Harbour, London and the D&D Building, Manhattan, New York. Part of the brands' inventory is sourced in-house from the Group's own specialist manufacturing facilities of Standfast & Barracks, the fabric printing business situated in Lancaster, and Anstey Wallpaper Company, situated in Loughborough. The manufacturing businesses produce for other interior furnishing businesses both in the UK and throughout the world. The licensing business is the third revenue pillar of the Group. The Company is a public limited company which is listed on the Alternative Investment Market of the London Stock Exchange and is registered, domiciled and incorporated in the UK. The Company registration number is 61880 and the address of its registered office is Voysey House, Sandersons Lane, London, W4 4DS.

Basis of preparation

The consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The consolidated financial statements have been prepared under the historical cost convention, except for those assets and liabilities measured at fair value, as described in the accounting policies. The accounting policies set out below have been consistently applied to all periods presented unless otherwise indicated.

Going concern

In the context of the continuing economic and political uncertainties, the Board of Sanderson Design Group PLC has undertaken an assessment of the ability of the Group and Company to continue in operation and meet its liabilities as they fall due over the period of its assessment. In doing so, the Board considered events throughout the period of their assessment from the date of signing of the report to 31 January 2027, including the availability and maturity profile of the Group's financing facilities and covenant compliance. These financial statements have been prepared on the going concern basis which the Directors consider appropriate for the reasons set out below.

The Group funds its operations through cash generated by the Group and has access to a £10.0m (2024: £10.0m) Revolving Credit Facility ('RCF') which is linked to two covenants. These covenants are tested quarterly at 30 April, 31 July, 31 October and 31 January each year until the facility matures on 31 January 2029. Throughout the financial year and up to the date of this report, the Company has met all required covenant tests and maintained available liquidity of over £5m. The total available liquidity of the Group at 31 January 2025 was £15.8m (2024: £26.3m), including cash and cash equivalents of £5.8m (2024: £16.3m) and the committed facility of £10.0m (2024: £10.0m). The Group has access to an uncommitted accordion facility of £7.5m (2024: £7.5m).

A Management Base Case ('MBC') model has been prepared, together with alternative stress tested scenarios, given the uncertainties regarding the impact of economic difficulties (including continuing inflationary pressures and high interest rates) and a lack of consumer confidence. These scenarios indicate that the Group retains adequate headroom against its borrowing facilities and bank covenants for the foreseeable future.

The actual results which will be reported will be undoubtedly different from the MBC and other scenarios modelled by the Group. If there are significant negative variations from the MBC, management would act decisively to protect the business, particularly its cash position.

Having considered all the comments above, the Directors consider that the Group and the Company have adequate resources to continue trading for the foreseeable future and will be able to continue operating as a going concern for a period of at least 21 months from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

New standards, interpretations and amendments effective from 1 January 2024

During the year, the Group has adopted the following new and revised standards and interpretations. Their adoption has not had any significant impact on the accounts or disclosures in these financial statements:

- Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 Presentation of Financial Statements);
- Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements);
- Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures).

New standards, interpretations and amendments not yet effective

The Group has not early adopted the following new standards, amendments or interpretations that have been issued but are not yet effective:

- Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates);
- Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7);
- Subsidiaries without Public Accountability (Amendments to IFRS 19); and
- Presentation and Disclosure in Financial Statements (Adoption of IFRS 18).

The Group will apply the new standards from their mandatory effective dates.

Basis of consolidation

The Group financial statements incorporate the financial statements of the Company and all its subsidiaries made up to the year-end date. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group.

Subsidiary undertakings are all entities over which the Company has control. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation.

The Employee Benefit Trust ('EBT') controlled by the Group is also included by consolidation. Until shares held by the EBT vest unconditionally and are transferred to employees, the consideration paid for those shares is deducted from equity. No gain or loss is recognised in the statement of comprehensive income on the purchase, sale, issue or cancellation of shares, including transfers to and from treasury shares. Dividends receivable on shares held by the EBT are excluded from the Income Statement and are excluded from amounts recognised as dividends payable by the Group.

1. Accounting policies and general information *continued*

Basis of consolidation *continued*

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in the critical assumptions and estimates section.

The financial statements of the Company as an entity are prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ('FRS 101') and the Companies Act 2006 and are presented separately from the consolidated financial statements (pages 99 to 106).

Revenue

The Group derives its revenue principally from the following:

- **Brand sales.** Sale of home furnishings e.g. wallpaper, fabrics and ancillary interior products.
- **Manufacturing sales.** These comprise the sale of wallpaper and fabrics to third-party customers.
- **Licensing arrangements.** These comprise a combination of both minimum guaranteed incomes and time and sales-based royalties receivable from Licensing Partners under contracts for the licensing of our products and designs.

Revenue comprises sales of goods to customers outside the Group less an appropriate deduction for actual and expected returns, discounts and volume-related rebates, and is stated net of value added tax and other sales taxes. Revenue is recognised when performance obligations are satisfied and goods are delivered to our franchise partners or the customer and the control of goods is transferred to the buyer. Online sales are recognised when items are delivered, as this is when the performance obligation is deemed to have been satisfied.

Deposits received from customers in advance of the delivery of goods or services are recognised as deferred revenue. An adjustment is made for expected returns values, which are estimated on historical returns experience.

Licensing contracts give rise to performance-based variable consideration. Income dependent on the performance of the third-party is recognised when it is highly probable that a significant reversal in the amount of income recognised will not occur. Fixed minimum guaranteed income receivable under single-year or multi-year licensing agreements from licensing partners is recognised from the point the licence, and hence control, has transferred to the licensee, provided there are no further performance obligations to fulfil, and the recoverability of the income is deemed highly probable. The income is recognised as revenue and minimum guaranteed licensing receivables reduce as the balance is settled in accordance with the terms of the contractual agreement.

Carriage costs relating to the delivery of the supply of goods are classified within 'revenue' as these are contractual sales of distinct services with a separate performance obligation from which consideration is received.

Other operating income

Consideration received or expenses relating to marketing materials and additional services to support the sale of the Group's core products are classified within 'Other operating income'.

Foreign currencies

For the purpose of the consolidated financial statements, the results and financial position are expressed in sterling, which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

Transactions in foreign currencies, which are those other than the functional currency of the Group, are recorded at the rate ruling at the date of the transaction. All unhedged exchange differences are recognised in the Income Statement for the period within administration expenses.

The assets and liabilities of the Group's overseas subsidiaries on consolidation are translated at the rates of exchange ruling at the Balance Sheet date. The income and expenses are translated at the weighted average rate during the period. Differences on translation are recognised in a separate foreign currency translation reserve within equity.

Intangible assets – goodwill

Goodwill arising on acquisition of subsidiaries is initially measured at cost, being the excess of the fair value of the consideration for the acquisition, which includes the amount of any non-controlling interest recognised, over the Group's interest in the net fair value of the acquired entity's identifiable assets and liabilities and any non-controlling interest in the acquiree at the date of acquisition.

Goodwill is not amortised, but reviewed for impairment annually; any impairment is recognised immediately in the Income Statement and is not subsequently reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Intangible assets – Arthur Sanderson and William Morris Archive

The Arthur Sanderson and William Morris Archive comprises a historical record of unique designs that can be used at any point going forward and is regularly used to generate new products and royalty income in the business. The Directors believe that the Archive has an indefinite useful life and is therefore not subject to amortisation. The carrying value of the Archive is reviewed annually and provision made for any impairment in the carrying value if required. If a significant event occurs that may affect the carrying value of the Archive, an additional impairment review will be carried out. No such events have occurred in the current or previous financial year. The measurement basis used for the Archive is historical cost less accumulated impairment.

Intangible assets – software

Acquired computer software licences are capitalised at the cost incurred to bring the asset into use, including where relevant directly attributable internal costs incurred in preparing the software for operation. The costs are amortised to their estimated residual value, over their estimated useful life, which range from three to ten years on a straight-line basis. Software amortisation commences when the asset goes into operational use by the business. The measurement basis used for software is cost less accumulated amortisation and impairment.

Notes to the Consolidated Financial Statements continued

1. Accounting policies and general information continued

Intangible assets – collection design

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects relating to the design of new collections are recognised as intangible assets when the following criteria are fulfilled:

- It is technically feasible to complete the new collection so that it will be available for use or sale.
- Management intends to complete the new collection and use it or sell it.
- There is an ability to use or sell the new collection.
- It can be demonstrated how the new collection will generate probable future economic benefits.
- Adequate technical, financial and other resources to complete the development and to use or sell the new collection are available.
- The expenditure attributable to the new collection during its development can be reliably measured.

Any costs relating to design of new collections that do not meet these criteria are recognised as an expense as incurred. Any such costs recognised as an expense in previous periods are not recognised as an asset in a subsequent period. Capitalised collection design costs are recognised as intangible assets and are amortised on a straight-line basis over the life of the asset, and are tested for impairment if any impairment trigger events are identified in accordance with IAS 36. The measurement basis used for collection design is cost less accumulated amortisation and impairment.

Intangible assets – Brands

Brands acquired, separately or as part of a business combination, are capitalised if they meet the definition of an intangible asset and the recognition criteria are satisfied. Strategic brands are well-known international and local brands with a strong market position and an established brand name. Strategic brands have a finite useful economic life and are carried at cost less accumulated amortisation. Brands are amortised on an individual straight-line basis over the estimated useful life of the brands, being 20 years. The carrying value of Brands is reviewed annually and provision made for any impairment in the carrying value if required. If a significant event occurs that may affect the carrying value of the Brands, an additional impairment review will be carried out. No such events have occurred in the current or previous financial year.

Intangible assets – customer-related intangibles

Customer-related intangibles are capitalised if they meet the definition of an intangible asset and the recognition criteria are satisfied. If the amounts are not material, these are included in the brand valuation. The relationship between brands and customer-related intangibles is carefully considered so that they are not both recognised based on the same cash flows.

Customer-related intangibles acquired as part of a business combination are valued at fair value. Customer-related intangibles acquired separately are measured at cost. Customer-related intangibles are amortised on a straight-line basis over the remaining useful life of the customer relationships, currently being six years.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any recognised impairment loss. Historical cost comprises the purchase price and costs directly incurred in bringing the asset into use. The assets' residual values and useful lives are reviewed annually and adjusted, if appropriate, at each Balance Sheet date.

Depreciation is charged on a straight-line basis on the original costs (excluding freehold land) after deduction of any estimated residual value. The principal annual rates are:

| | |
|-------------------------------|------------------------------|
| Freehold buildings | Between 2% and 10% |
| Leasehold improvements | Over the length of the lease |
| Plant, equipment and vehicles | Between 5% and 33% |
| Computer hardware | 33% |

Land is not depreciated.

Impairment of non-financial assets

Intangible assets with finite useful lives and property, plant and equipment are tested for impairments if events or changes in circumstances (assessed at each reporting date) indicate that the carrying amount may not be recoverable. When an impairment test is conducted, the recoverable amount is assessed by reference to the higher of the value in use (net present value of expected future cash flows of the relevant cash-generating unit), or the fair value less cost to sell.

If a cash-generating unit is impaired, provision is made to reduce the carrying amount of the related assets to their estimated recoverable amount. Impairment losses are allocated firstly against goodwill, and secondly on a pro rata basis against intangible and other assets.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, on a first-in, first-out basis, and direct labour, plus attributable production overheads based on a normal level of activity. Net realisable value is based on estimated selling prices less anticipated costs of disposal. Provision is made for any slow-moving and obsolete inventory. Inventories include marketing materials consisting of patterning books and other saleable marketing assets used to support the sale of the Group's products.

Financial assets and liabilities – measurement basis

Financial assets and liabilities are recognised on the date on which the Group becomes a party to the contractual provisions of the instrument giving rise to the asset or liability. Financial assets and liabilities are initially recognised at fair value plus transaction costs and are continually reviewed for impairment going forward. Any impairment of a financial asset is charged to the Income Statement when incurred. Financial assets are derecognised when the Group's rights to cash inflows from the asset expire; financial liabilities are derecognised when the contractual obligations are discharged, cancelled or expired.

1. Accounting policies and general information *continued*

Financial assets and liabilities – measurement basis *continued*

Non-derivative financial assets include:

- ‘Trade and other receivables’ and ‘minimum guarantee licensing receivables’ – these are non-derivative financial assets with fixed or determinable receipts that are not quoted in an active market. They arise when the Group provides goods directly to a customer, or advances money, with no intention of trading the loan or receivable. Trade receivables are recognised initially at the amount of consideration that is unconditional. Subsequent to initial recognition, loans and receivables are included in the Balance Sheet at amortised cost using the effective interest method less any amounts written off to reflect impairment, with changes in the carrying amount recognised in the Income Statement within distribution and selling or administration expenses. The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and days past due. The expected loss rates are based on the payment profiles of sales over the previous 12 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. We use historical credit loss experience for trade receivables to estimate the lifetime expected credit losses. We apply specific fixed provision rates depending on the number of days that a receivable is past due. We group historical credit loss experience for different customer segments, being customer rating and type of customer. The carrying amount of the asset is reduced through the use of a provision account and the amount of the loss is recognised in the Income Statement within distribution and selling expenses. When a trade receivable is uncollectible, it is written off against the provision account. Subsequent recoveries of amounts previously written off are credited against distribution and selling expenses in the Income Statement;
- ‘Cash and cash equivalents’ – these comprise deposits with an original maturity of 90 days or less with banks and financial institutions, bank balances, bank overdrafts with the right of offset, and cash in hand.

The Group’s non-derivative financial liabilities are classified as ‘Other liabilities’. Other liabilities are financial liabilities with fixed or determinable payments that are not quoted on an active market. They arise when the Group receives goods or services directly from a supplier, or borrows money, with no intention of trading the liability. This category includes:

- ‘Trade and other payables’ – these are typically non-interest bearing and, following initial recognition, are included in the Balance Sheet at amortised cost using the effective interest method;
- ‘Bank loans and overdrafts’ – these are initially recorded at fair value based on proceeds received net of issue costs and subsequently held at amortised cost using the effective interest method;
- ‘Borrowings’ – these are recorded initially at the fair value, net of direct issue costs, and are subsequently stated at amortised cost. Finance charges, including premiums payable on settlement, or redemption and direct issue costs, are accounted for in the Income Statement, using the effective interest method, and are included within the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Derivative financial instruments

The Group uses derivative financial instruments to manage certain exposures to fluctuations in foreign currency exchange rates; these have been designated as qualifying cash flow hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place).

Cash and cash equivalents

Cash and cash equivalents represent only liquid assets with original maturity of 90 days or less. Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts that cannot be offset against other cash balances are shown within borrowings in current liabilities on the Balance Sheet.

Leases

At the lease commencement date, a right-of-use asset is recognised for the leased item with a corresponding lease liability for any payments due. The right-of-use asset is initially measured at cost, being the present value of the lease payments paid or payable (net of any incentives received from the lessor), plus any initial direct costs and/or restoration costs.

Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the asset’s useful life or the end of the lease term. The lease term is the non-cancellable period of the lease plus any periods for which the Group is ‘reasonably certain’ to exercise any extension options. If right-of-use assets are impaired, the carrying value is reduced accordingly.

After initial recognition, the lease liability is recorded at amortised cost using the effective interest method. Payments in respect of short-term and/or low-value leases continue to be charged to the income statement on a straight-line basis over the lease term.

Employee benefits – retirement benefit obligations

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

For defined benefit retirement schemes, the funding of benefits is determined using the projected unit credit method, with full actuarial valuations being carried out triennially.

The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised service cost, and as reduced by the fair value of the scheme assets. Any asset resulting from this calculation is limited to past service cost, plus present value of available refunds and reductions in future contributions to the plan.

The defined benefit obligation is calculated annually by qualified independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the future cash outflows using interest rates of high-quality corporate bonds that have terms to maturity approximating to the terms of the related pension liability.

Scheme administrative costs, interest income on scheme assets and interest cost are classified within ‘Defined benefit pension charge’ within the Income Statement as the schemes are now closed to future accruals. Investment-related defined benefit pension costs are presented in the Statement of Comprehensive Income.

Notes to the Consolidated Financial Statements continued

1. Accounting policies and general information continued

Employee benefits – retirement benefit obligations continued

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in full in the period in which they occur. They are recognised outside the Income Statement and presented in the Statement of Comprehensive Income.

Past service costs are recognised immediately to the extent that the benefits are already vested, and otherwise are amortised on a straight-line basis over the average period until the benefits become vested.

Employee benefits – share-based payments under Long-Term Incentive Plans ('LTIP') and Restricted Share Plans ('RSP')

The Group issues equity-settled share-based payments to certain employees which are measured at fair value and recognised as an expense in the Income Statement with a corresponding increase in equity.

The fair values of these payments are measured at the date of grant, taking into account the terms and conditions upon which the awards are granted. The fair value is recognised over the period during which employees become conditionally entitled to the awards, subject to the Group's estimate of the number of awards which will lapse, either due to employees leaving the Group prior to vesting, or due to non-market-based performance conditions not being met.

The total amount recognised in the Income Statement as an expense is adjusted to reflect the expected number of awards that would vest at fair value and does not represent the market value of the shares at vesting date. National Insurance contributions related to the awards are recognised as an expense in the Income Statement with a corresponding liability on the Balance Sheet.

Employee benefits – short-term bonus plans

The Group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Provisions for liabilities and charges

Provisions are required when the Group has a present legal or constructive obligation at the reporting date as a result of a past event and it is probable that settlement will be required of an amount that can be reliably estimated.

Provisions reflect the Directors' best estimate of future obligations relating to restructuring costs, together with dilapidation costs for the maintenance of leasehold properties arising from past events such as lease renewals and terminations. These estimates are reviewed at the reporting date and updated as necessary.

Share capital

Ordinary shares are classified as equity. Costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds. Dividend distribution is set by the Board on a regular basis so long as sufficient funds are available.

Share premium

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Treasury shares

Consideration paid, including any directly attributable incremental costs (net of income taxes) on the purchase of the Company's equity share capital (treasury shares), is deducted from equity attributable

to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity shareholders. The EBT is treated as an agent of the Group and, as such, EBT transactions are treated as being those of the Group.

Taxation including deferred income tax

Current tax is based on the taxable profit for the year. Taxable profits differ from the net profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the Balance Sheet date. Current tax includes withholding taxes from sales and licensing income in overseas territories.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax relating to retirement benefit obligations is recognised in equity where the tax relief arises from contributions paid to fund deficits arising in previous periods that were recognised in equity.

A deferred tax asset is recognised relating to share-based payments equal to the intrinsic value (market price at the year-end less the exercise price). Deferred tax is recognised in profit and loss based on the temporary difference between the tax base of the fair value of the employee's services received in the year. The amount recognised in equity is the excess deduction based on the difference between the intrinsic value and the cumulative fair value of share-based payments recognised in profit and loss.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities and there is an intention to settle the balances on a net basis.

Segmental reporting

The Group is a designer, manufacturer and distributor of furnishings, fabrics and wallpaper and manages its operations as three reportable segments, which are Brands, Licensing and Manufacturing. Reportable segments consist of one or more operating segments. Aggregation of operating segments into reportable segments occurs when aggregation criteria, as laid down in IFRS 8 'Operating Segments' are satisfied, including similar economic characteristics or when operating segments are less than the quantitative limits as laid down in IFRS 8. The Group considers its Chief Operating Decision Maker ('CODM') to be the Board of Directors, which is responsible for the allocation of resources and assessing performance of the operating segments.

Interest received

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

2. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

2. Financial risk management continued

Risk management is carried out at Board level under policies approved by the Board of Directors. Executive Directors identify, evaluate and where appropriate hedge financial risks in close cooperation with the Group's operating units.

a) Foreign exchange risk

The Group's principal functional currency is pounds sterling. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the euro. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Group's functional currency.

The Group's policy is, where possible, to allow the Group's entities to settle liabilities in their functional currency through natural hedges with the cash generated from their operations in that currency. Where the Group's entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them) cash already denominated in that currency will, where possible, be transferred from elsewhere in the Group. Hedging instruments are put in place to mitigate foreign currency risk.

For the year ended 31 January 2025, the average sterling to US dollar translation rate applied by the Group for GBP to USD was 1=1.27. If the GBP to USD rate had been 1=1.17 with all other variables being held constant, loss before tax would have been lower by £554,000. If the GBP to USD rate had been 1=1.37 with all other variables being held constant, loss before tax would have been higher by £473,000.

For the year ended 31 January 2025, the average sterling to euro translation rate applied by the Group including the impact of hedging contracts for GBP to EUR was 1=1.18. If the GBP to EUR rate had been 1=1.08 with all other variables being held constant, loss before tax would have been lower by £134,000. If the GBP to EUR rate had been 1=1.28 with all other variables being held constant, loss before tax would have been higher by £113,000.

The sensitivities tested above reflect movements in the foreign currency exchange rates over the financial year. The sensitivity of movements in other currencies is not considered material to the performance of the Group.

b) Interest rate risk

As the Group has no significant interest-bearing assets, its revenue and cash generated from operations are substantially independent of changes in market interest rates. The Group's interest rate risk would arise from any borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group's borrowings at variable rate are denominated in either sterling or euros. The Group regularly analyses its interest rate exposure, calculating the impact on profit and loss of a defined interest rate shift. Based on the calculations the Board considers refinancing, renewal of existing positions, alternative financing and hedging. The Group has not felt there has been a requirement during the current or previous financial year to enter any of these options.

On 1 February 2024, the Group renewed its multi-currency revolving credit facility with Barclays Bank Plc for a further five-year period. Variable interest rates were negotiated on all the loans. The Board continues to monitor the interest rates monthly.

For the year ended 31 January 2025, had the benchmark interest rate levels been 0.5% higher or lower than the actual experience, with all other variables held constant, the impact on profit before tax of the Group would have been negligible as the Group has no borrowings (excluding lease liabilities recognised under IFRS 16 Leases for which the effective interest rate is fixed at the inception of the lease). The 0.5% sensitivity is deemed a reasonable sensitivity analysis based on expected movements in the base rate for the next financial year.

c) Credit risk

Credit risk arises from the Group's trade receivables, cash held with banks and derivative financial instruments. It is the risk that the counterparty fails to discharge its obligation in respect of the instrument. Cash at bank and derivative financial instruments are predominantly held with the Group's major relationship bank, Barclays Bank Plc, and the Group considers this credit risk to be minimal.

Prior to accepting new customers, an independent credit check is obtained. Based on this information, individual credit limits and payment terms are established. If no independent credit ratings are available, customers are asked to pay on a proforma basis until creditworthiness can be established. The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of one to three months for its customers. The utilisation of credit limits is regularly monitored. Credit limits may only be exceeded with authorisation from key management.

There is no difference between the carrying amount and the maximum credit risk exposure. No collateral is held as security by the Group.

d) Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The maturity profile of the Group's debt and other financial liabilities is disclosed under financial instruments in the note to the consolidated financial statements.

Management monitors rolling forecasts of the Group's cash and loan facility utilisation monthly. The Group ensures that it has adequate facilities available to cover both its short-term and medium-term commitments and complies with bank covenants. In addition, the Group's liquidity management policy is to project cash flows in major currencies and consider the level of liquid assets necessary to meet these liabilities as they fall due. Surplus cash held over and above the balance required for working capital requirements is transferred to the Group treasury and held in interest-bearing accounts.

e) Capital risk management

The Group's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return for shareholders by pricing products and services commensurately with the level of risk.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, buy back issued shares, or sell assets to reduce debt.

Notes to the Consolidated Financial Statements continued

2. Financial risk management continued

f) Fair value estimation

The carrying value less impairment provision of trade receivables and payables and cash and cash equivalents approximate their fair values.

g) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

3. Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning future events. The resulting accounting estimates will seldom precisely equal the related actual results. The Group applies its best endeavours in setting accounting estimates, and uses historical experience and other factors, including input from experienced management and specialist third-parties, where required. Estimates and assumptions are periodically re-evaluated and the resulting accounting balances updated as new information, including actual outcomes, become apparent.

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) Retirement benefit obligations

The Group recognises its obligations to employee retirement benefits. The quantification of these obligations is subject to significant estimates and assumptions regarding life expectancy, discount and inflation rates, wage and salary changes, the rate of increase in pension payments, and the market values of equities, bonds and other pension assets. In making these assumptions the Group takes advice from a qualified actuary about which assumptions reflect the nature of the Group's obligations to employee retirement benefits. The assumptions are regularly reviewed to ensure their appropriateness.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Details of the estimates and assumptions applied, and carrying amounts of retirement benefit obligations and pension assets, are set out in the note to the consolidated financial statements.

b) Impairment of non-financial assets

The Group tests annually whether goodwill or its indefinite life intangible asset have suffered any impairment, in accordance with its accounting policy. Other intangibles and property, plant and equipment are also reviewed whenever impairment triggers are apparent. The recoverable amounts of cash-generating units have been determined based on value in use ('VIU') calculations. These calculations require use of estimates of future sales, margins, and other operating and administration expenses, and of discount rates.

In assessing whether an impairment of goodwill is required, the carrying value of the cash-generating unit ('CGU') or group of CGUs is compared with its recoverable amount. The recoverable amounts for each CGU, being a division of the business operated at a separate site, and collectively for groups of CGUs that make up the segments of the Group's business, have been based on the VIU. The Group estimates the VIU using a discounted cash flow model ('DCF'), where the projected cash flows for separate or collective groups of CGUs are discounted using a post-tax rate of 12.00% (2024: 11.18%). The discount rate used is the same across all segments.

The Group has used formally approved budgets for the first year of its VIU calculation, with extrapolation beyond the last explicit year using an assumption of growth for future years at 2-4% (2024: 2%) depending upon the CGU being tested, with 2% (2024: 2%) terminal growth (see note 13 for sensitivity analysis).

The cash flows used in the calculation of the VIU are derived from experience and are based on operating profit forecasts, which in turn rely upon assumptions relating to sales growth, price increases, margins, and operating and administration expenses. The cash flows have not included the benefits arising from any future asset enhancement expenditure and therefore exclude significant benefits anticipated from future capital expenditure. The 2-4% growth rates included within the assumptions supporting the VIU calculations do not therefore represent the Group's anticipated total forecast growth, but rather only the growth deriving from capital expenditure completed at the Balance Sheet date.

The Group makes provision for impairment in the carrying amount of its inventories and marketing materials. The nature of the Group's products is exposed to changes in taste and attitudes from time to time, which can affect the demand for those products. The Group has skilled and experienced management who utilise historical sales information, and exercise their judgement, in making estimates about the extent of provisions necessary based on the realisable value of inventory and expected future benefit to the Group of marketing materials considering the estimated price and volume of future sales or usage, less the further costs of sale and holding costs.

c) Absorption of overhead into inventory

The Group determines the basis of allocation of fixed production overhead based on the actual performance of the manufacturing components of the Group and arms-length sales prices when actual performance is considered to approximate normal capacity. Where actual performance in the year is not considered to represent normal levels, the Group uses the next year's budgeted results to ensure operating inefficiencies are not included in the carrying value of inventory.

4. Segmental analysis

The Group is a designer, manufacturer and distributor of luxury interior furnishings, fabrics and wallpaper. The reportable segments of the Group are aggregated as follows:

- **Brands** – comprising the design, marketing, sales and distribution of Morris & Co., Sanderson, Zoffany, Clarke & Clarke, Harlequin and Scion brands.
- **Licensing** – comprising the licensing activities of Morris & Co., Sanderson, Zoffany, Clarke & Clarke, Harlequin and Scion brands. Operating costs are not separately allocated to this segment, although management will continue to review this as the segment grows.
- **Manufacturing** – comprising the wallcovering and printed fabric manufacturing businesses operated by Anstey and Standfast & Barracks respectively.

This is the basis on which the Group presents its operating results to the Board of Directors, which is the CODM for the purposes of IFRS 8. Other Group-wide activities and expenses, predominantly related to corporate head office costs, defined benefit pension costs, long-term incentive plan expenses, taxation, stock consolidation adjustments in Brands and eliminations of inter-segment items, are presented within 'unallocated'. The segmental Income Statement disclosures are measured in accordance with the Group's accounting policies as set out in the accounting policies. Inter-segment revenue earned by Manufacturing from sales to Brands is determined on normal commercial trading terms as if Brands were any other third-party customer. Tax charges have not been allocated to a segment.

4. Segmental analysis *continued*

a) Principal measures of profit and loss – Income Statement segmental information

| Year ended 31 January 2025 | Brands £000 | Licensing £000 | Manufacturing £000 | Unallocated £000 | Total £000 |
|---|----------------|-------------------|-----------------------|---------------------|-----------------|
| UK revenue | 32,756 | 4,275 | 10,539 | – | 47,570 |
| International revenue | 38,554 | 6,758 | 7,506 | – | 52,818 |
| Revenue – external | 71,310 | 11,033 | 18,045 | – | 100,388 |
| Revenue – internal | – | – | 13,605 | (13,605) | – |
| Total revenue | 71,310 | 11,033 | 31,650 | (13,605) | 100,388 |
| Impairment of intangible assets | – | – | – | (16,250) | (16,250) |
| (Loss)/profit from operations before intercompany management charge | (2,000) | 11,033 | (3,256) | (20,128) | (14,351) |
| (Loss)/profit from operations | 10 | 11,033 | (3,256) | (22,138) | (14,351) |
| Net finance (expense)/income | (536) | 859 | (11) | 159 | 471 |
| (Loss)/profit before tax | (526) | 11,892 | (3,267) | (21,979) | (13,880) |
| Tax expense | – | – | – | (1,356) | (1,356) |
| (Loss)/profit for the year | (526) | 11,892 | (3,267) | (23,335) | (15,236) |

| Year ended 31 January 2024 | Brands £000 | Licensing £000 | Manufacturing £000 | Unallocated £000 | Total £000 |
|---|----------------|-------------------|-----------------------|---------------------|----------------|
| UK revenue | 37,902 | 6,424 | 11,900 | – | 56,226 |
| International revenue | 40,870 | 4,496 | 7,044 | – | 52,410 |
| Revenue – external | 78,772 | 10,920 | 18,944 | – | 108,636 |
| Revenue – internal | – | – | 16,065 | (16,065) | – |
| Total revenue | 78,772 | 10,920 | 35,009 | (16,065) | 108,636 |
| Profit/(loss) from operations before intercompany management charge | 3,729 | 10,920 | (1,002) | (3,912) | 9,735 |
| Profit/(loss) from operations | 642 | 10,920 | (1,002) | (825) | 9,735 |
| Net finance income | (98) | 631 | (10) | 96 | 619 |
| Profit/(loss) before tax | 544 | 11,551 | (1,012) | (729) | 10,354 |
| Tax expense | – | – | – | (2,157) | (2,157) |
| Profit/(loss) for the year | 544 | 11,551 | (1,012) | (2,886) | 8,197 |

b) Additional segmental revenue information

| Brands revenue by geography | 2025 £000 | 2024 £000 |
|-----------------------------|---------------|---------------|
| United Kingdom | 32,756 | 37,902 |
| North America | 20,957 | 21,380 |
| Northern Europe | 9,146 | 9,857 |
| Rest of the World | 8,451 | 9,633 |
| | 71,310 | 78,772 |

| Brands revenue by brand | 2025 £000 | 2024 £000 |
|-------------------------|---------------|---------------|
| Clarke & Clarke | 19,746 | 22,420 |
| Morris & Co. | 17,961 | 19,073 |
| Sanderson | 13,482 | 13,590 |
| Harlequin | 12,240 | 13,989 |
| Zoffany | 6,731 | 8,174 |
| Scion | 1,083 | 1,288 |
| Other brands | 67 | 238 |
| | 71,310 | 78,772 |

| Manufacturing revenue by division (including internal revenue) | 2025 £000 | 2024 £000 |
|--|---------------|---------------|
| Standfast & Barracks | 16,843 | 19,103 |
| Anstey | 14,807 | 15,906 |
| | 31,650 | 35,009 |

Notes to the Consolidated Financial Statements continued

4. Segmental analysis continued

c) Other Income Statement segmental information

The following additional items are included in the measures of profit and loss reported to the CODM and are included within (a) above for all segments except for Licensing:

| Year ended 31 January 2025 | Brands £000 | Manufacturing £000 | Unallocated £000 | Total £000 |
|--|----------------|-----------------------|---------------------|---------------|
| Depreciation | 3,385 | 1,328 | 20 | 4,733 |
| Amortisation | 436 | 94 | 276 | 806 |
| Impairment of intangible assets | – | – | 16,250 | 16,250 |
| Net impairment charge – trade receivables | 79 | 208 | – | 287 |
| Net impairment (credit)/charge – inventory | (60) | 42 | – | (18) |
| Share-based payment charge | – | – | 245 | 245 |

| Year ended 31 January 2024 | Brands £000 | Manufacturing £000 | Unallocated £000 | Total £000 |
|---|----------------|-----------------------|---------------------|---------------|
| Depreciation and impairment | 3,080 | 1,310 | 324 | 4,714 |
| Amortisation | 476 | 60 | 281 | 817 |
| Net impairment charge – trade receivables | 32 | 16 | – | 48 |
| Net impairment charge – inventory | 1,151 | 40 | – | 1,191 |
| Share-based payment charge | – | – | 480 | 480 |

d) Principal measures of assets and liabilities – Balance Sheet segmental information

Unallocated assets and liabilities consist primarily of cash, deferred tax assets, borrowings, derivative financial instruments, and retirement benefit obligations and elimination of inter-segment balances.

Segment assets and liabilities and unallocated assets and liabilities are measured in accordance with the Group's accounting policies as set out in the accounting policies.

| Year ended 31 January 2025 | Brands £000 | Licensing £000 | Manufacturing £000 | Unallocated £000 | Total £000 |
|---|----------------|-------------------|-----------------------|---------------------|---------------|
| Assets | 61,867 | 14,298 | 19,621 | 1,415 | 97,201 |
| Liabilities | (24,300) | – | (4,049) | (120) | (28,469) |
| Total net assets | 37,567 | 14,298 | 15,572 | 1,295 | 68,732 |
| Capital expenditure – intangible assets | 848 | – | 414 | – | 1,262 |
| Capital expenditure – property, plant and equipment | 1,395 | – | 1,429 | – | 2,824 |

| Year ended 31 January 2024 | Brands £000 | Licensing £000 | Manufacturing £000 | Unallocated £000 | Total £000 |
|---|----------------|-------------------|-----------------------|---------------------|---------------|
| Assets | 57,324 | 9,448 | 21,121 | 22,750 | 110,643 |
| Liabilities | (14,135) | – | (4,609) | (5,366) | (24,110) |
| Total net assets | 43,189 | 9,448 | 16,512 | 17,384 | 86,533 |
| Capital expenditure – intangible assets | 502 | – | 562 | – | 1,064 |
| Capital expenditure – property, plant and equipment | 955 | – | 1,240 | – | 2,195 |

e) Additional entity-wide disclosures

| Total Group revenue by geography | 2025 £000 | 2024 £000 |
|----------------------------------|--------------|--------------|
| United Kingdom | 47,570 | 56,226 |
| North America | 30,074 | 28,742 |
| Northern Europe | 11,547 | 11,935 |
| Rest of the World | 11,197 | 11,733 |
| | 100,388 | 108,636 |

No single customer of the Group accounts for 10% or more of total revenue for either the current or prior year.

| Total Group non-current assets by geography | 2025 £000 | 2024 £000 |
|---|--------------|--------------|
| United Kingdom | 45,968 | 48,845 |
| North America | 2,068 | 2,584 |
| | 48,036 | 51,429 |

Non-current assets included above comprise intangible assets, property, plant and equipment, right-of-use assets, retirement benefit surplus and minimum guaranteed licensing receivables.

5. Other operating income

Other operating income of £4,010,000 (2024: £4,932,000) comprises consideration received from the sale of marketing materials to support the Group's core products.

6. (Loss)/profit from operations

| | 2025 £000 | 2024 £000 |
|--|--------------|--------------|
| Group (loss)/profit from operations is stated after charging/(crediting): | | |
| Depreciation and impairment of property, plant and equipment | 2,341 | 2,333 |
| Depreciation of right-of-use assets | 2,392 | 2,381 |
| Amortisation of intangibles | 530 | 536 |
| Amortisation of acquired intangibles | 276 | 281 |
| Impairment of intangible assets | 16,250 | – |
| Cost of inventories recognised as expense in cost of sales | 23,619 | 24,259 |
| Net impairment (credit)/charge – inventory | (18) | 1,191 |
| Net impairment charge – trade receivables | 287 | 48 |
| Net foreign exchange losses/(gains) | 126 | (78) |
| Short-term rental expense: | | |
| – Hire of motor vehicles and plant and machinery | 161 | 96 |
| – Land and buildings | 345 | – |

| | 2025 £000 | 2024 £000 |
|--|--------------|--------------|
| Auditors' remuneration: | | |
| Fees payable to the Company's auditors for the audit of the Parent Company and consolidated financial statements | 97 | 88 |
| Fees payable to the Company's auditors for other services: | | |
| Audit of the Company's subsidiaries pursuant to legislation | 245 | 224 |
| | 342 | 312 |

7. Net finance income

| | Note | 2025 £000 | 2024 £000 |
|---|------|--------------|--------------|
| Interest income: | | | |
| Interest received on bank deposits | | 134 | 216 |
| Unwind of discount on minimum guaranteed licensing income | | 859 | 631 |
| Total interest received | | 993 | 847 |
| Net pension interest income | 20 | 64 | – |
| Total finance income | | 1,057 | 847 |
| Interest expense: | | | |
| Bank facility fees | | (18) | (34) |
| Interest paid | | (30) | (17) |
| Lease interest | | (538) | (106) |
| Total interest paid | | (586) | (157) |
| Net pension interest costs | 20 | – | (71) |
| Total finance costs | | (586) | (228) |
| Net finance income | | 471 | 619 |

8. Emoluments of Directors and key management personnel

Information on the remuneration of the Directors, including the highest paid Director, is included in the Directors' Remuneration Report.

The emoluments of the Directors are detailed below:

| | 2025 | | | 2024 | | |
|--------------------|--|--|--|--|--|--|
| | Emoluments for qualifying services £000 | Gains on exercise of share options £000 | Contributions to pension schemes £000 | Emoluments for qualifying services £000 | Gains on exercise of share options £000 | Contributions to pension schemes £000 |
| Lisa Montague | 399 | 83 | 23 | 463 | 100 | 23 |
| Mike Woodcock | 225 | – | 12 | 250 | – | 9 |
| Dianne Thompson | 124 | – | – | 119 | – | – |
| Christopher Rogers | 56 | – | – | 54 | – | – |
| Juliette Stacey | 56 | – | – | 54 | – | – |
| Patrick Lewis | 51 | – | – | 49 | – | – |
| | 911 | 83 | 35 | 989 | 100 | 32 |

Notes to the Consolidated Financial Statements continued

8. Emoluments of Directors and key management personnel continued

The emoluments of the key management personnel are detailed below:

| | 2025 £000 | 2024 £000 |
|----------------------------|--------------|--------------|
| Wages and salaries | 1,542 | 2,578 |
| Pension contributions | 78 | 92 |
| Share-based payment charge | 142 | 382 |
| | 1,762 | 3,052 |

Key management personnel include only the Board of Directors and members of the Group Leadership Team. The number of key management personnel at year end was 10 (2024: 12).

9. Employee information

| | 2025 £000 | 2024 £000 |
|-------------------------------------|--------------|--------------|
| Wages and salaries | 23,827 | 24,086 |
| Social security costs | 2,480 | 2,414 |
| Pension contributions (see note 20) | 1,149 | 1,112 |
| Share-based payment charge | 245 | 480 |
| Employee benefit expense | 27,701 | 28,092 |

| | 2025 £000 | 2024 £000 |
|--|--------------|--------------|
| The average monthly number of employees (including Directors) during the year: | | |
| Brands, including warehousing | 274 | 293 |
| Manufacturing | 245 | 273 |
| Overseas | 37 | 43 |
| Corporate and administration | 24 | 22 |
| | 580 | 631 |

10. Tax expense

| | 2025 £000 | 2024 £000 |
|--|--------------|--------------|
| Current tax: | | |
| – UK current tax | 970 | 2,168 |
| – UK adjustments in respect of prior years | 280 | (186) |
| – Overseas current tax | 1 | 27 |
| Current tax | 1,251 | 2,009 |
| Deferred tax: | | |
| – Current year | 429 | 356 |
| – Adjustments in respect of prior years | (324) | (208) |
| Deferred tax | 105 | 148 |
| Total tax charge for the year | 1,356 | 2,157 |

| | 2025 £000 | 2024 £000 |
|--|--------------|--------------|
| Reconciliation of total tax charge for the year: | | |
| (Loss)/profit on ordinary activities before tax | (13,880) | 10,354 |
| Tax on (loss)/profit on ordinary activities at 25% (2024: 24.03%, pro-rated) | (3,470) | 2,488 |
| Intangible assets impairment | 4,063 | – |
| Fixed asset differences | 48 | 1 |
| Non-deductible expenditure | 22 | 6 |
| Share-based payment | 117 | (30) |
| Adjustments in respect of prior years – current tax | 280 | (186) |
| Adjustments in respect of prior years – deferred tax | (324) | (208) |
| Deferred tax not recognised on losses | 604 | 41 |
| Effect of changes in corporation tax rates, including overseas | 16 | 45 |
| Total tax charge for the year | 1,356 | 2,157 |

A current tax credit of £970,000 has been recognised in Other Comprehensive Income (2024: £399,000) in relation to defined benefit pension contributions made during the year.

11. Deferred income tax

| Deferred tax (liabilities)/assets: | 2025 £000 | 2024 £000 |
|------------------------------------|--------------|--------------|
| Property, plant and equipment | (2,019) | (2,113) |
| Intangible assets | (810) | (881) |
| Right-of-use assets | (435) | (510) |
| Lease liabilities | 493 | 510 |
| Share-based payment | 94 | 227 |
| Retirement benefit obligations | (578) | 224 |
| Unutilised tax losses | 459 | 677 |
| Other short-term differences | 117 | 119 |
| | (2,679) | (1,747) |

A deferred tax charge of £801,000 (2024: £404,000) arising on retirement benefit obligations has been recognised within the Statement of Other Comprehensive Income.

At 31 January 2025, the Group had gross unused UK tax losses of £3,984,000 (2024: £2,418,000) available for offset against future profits of which a deferred tax asset has been recognised for £1,566,000 of losses (2024: £2,418,000). The Group also had unutilised capital tax losses of £4,881,000 (2024: £4,881,000) for which no deferred tax asset has been recognised. The deferred tax asset on losses has been recognised to the extent that it is probable that the losses will be used within the foreseeable future.

| Deferred tax liability movement | 2025 £000 | 2024 £000 |
|---|--------------|--------------|
| At 1 February | (1,747) | (1,121) |
| Currency differences | 3 | - |
| Income statement charge | (105) | (148) |
| Tax charge relating to components of other comprehensive income | (801) | (404) |
| Tax charged directly to equity | (29) | (74) |
| At 31 January | (2,679) | (1,747) |

12. Earnings per share

12. (a) Earnings per share

Basic earnings per share ('EPS') is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of shares outstanding during the year, excluding those held in the Employee Benefit Trust ('EBT') and those held in treasury, which are treated as cancelled. The adjusted basic earnings per share is calculated by dividing the adjusted earnings by the weighted average number of shares.

| | 2025 | | | 2024 | | |
|--|------------------|--|------------------------------|------------------|--|------------------------------|
| | Earnings £000 | Weighted average number of shares (000s) | Per share amount Pence | Earnings £000 | Weighted average number of shares (000s) | Per share amount Pence |
| Basic (loss)/earnings per share | (15,236) | 71,804 | (21.22) | 8,197 | 71,520 | 11.46 |
| Effect of dilutive securities: | | | | | | |
| Shares under share-based payment | | 1,675 | | | 788 | |
| Diluted (loss)/earnings per share* | (15,236) | 73,479 | (21.22) | 8,197 | 72,308 | 11.34 |
| Adjusted underlying basic and diluted earnings per share: | | | | | | |
| Add back share-based payment charge (including National Insurance) | 245 | | | 480 | | |
| Add back defined benefit pension charge | 490 | | | 431 | | |
| Add back non-underlying items (see below) | 17,515 | | | 905 | | |
| Tax effect of non-underlying items and other add backs | (200) | | | (185) | | |
| Adjusted underlying basic earnings per share | 2,814 | 71,804 | 3.92 | 9,828 | 71,520 | 13.74 |
| Adjusted underlying diluted earnings per share | 2,814 | 73,479 | 3.83 | 9,828 | 72,308 | 13.59 |

* As the result for 2025 is a basic loss per share, diluted loss per share is equal to basic loss per share.

Notes to the Consolidated Financial Statements continued

12. Earnings per share continued

12. (b) Adjusted underlying profit before tax

The Group uses an Alternative Performance Measure, 'adjusted underlying profit before tax'. This is defined as statutory profit before tax adjusted for the exclusion of share-based incentives, defined benefit pension charge and non-underlying items. This is recognised by the investment community as an appropriate measure of performance for the Group and is used by the Board of Directors as a key performance measure. The table below reconciles statutory profit before tax to adjusted underlying profit before tax.

| | 2025 £000 | 2024 £000 |
|--|-----------------|--------------|
| Statutory (loss)/profit before tax | (13,880) | 10,354 |
| Amortisation of acquired intangible assets | 276 | 281 |
| Impairment of intangible assets | 16,250 | – |
| Restructuring and reorganisation costs* | 989 | 624 |
| Total non-underlying charge included in statutory profit before tax | 17,515 | 905 |
| Underlying profit before tax | 3,635 | 11,259 |
| Share-based payment charge | 245 | 480 |
| Defined benefit pension charge | 490 | 431 |
| Adjusted underlying profit before tax | 4,370 | 12,170 |

* Restructuring and reorganisation costs of £989,000 (2024: £624,000). These relate to the reorganisation of the Anstey and Standfast manufacturing sites (£688,000) (2024: £624,000), in addition to the rationalisation of certain operational and support functions in the Brands segment (£301,000).

13. Intangible assets

| | Goodwill £000 ¹ | Arthur Sanderson and William Morris Archive £000 ² | Collection design £000 | Brand £000 | Customer- related intangibles £000 | Software £000 | Assets under construction £000 | Total £000 |
|---------------------------------|-------------------------------|--|------------------------------|---------------|---|------------------|--------------------------------------|---------------|
| Cost | | | | | | | | |
| 31 January 2023 | 17,091 | 4,300 | 2,292 | 5,566 | 4,427 | 2,794 | 482 | 36,952 |
| Additions | – | – | 499 | – | – | 64 | 501 | 1,064 |
| Disposals | – | – | – | – | – | (262) | – | (262) |
| 31 January 2024 | 17,091 | 4,300 | 2,791 | 5,566 | 4,427 | 2,596 | 983 | 37,754 |
| Additions | – | – | 590 | – | – | 301 | 371 | 1,262 |
| Transfer | – | – | – | – | – | 1,354 | (1,354) | – |
| Disposals | – | – | (145) | – | – | – | – | (145) |
| 31 January 2025 | 17,091 | 4,300 | 3,236 | 5,566 | 4,427 | 4,251 | – | 38,871 |
| Accumulated amortisation | | | | | | | | |
| 31 January 2023 | 841 | – | 823 | 1,767 | 4,427 | 2,646 | – | 10,504 |
| Charge | – | – | 432 | 281 | – | 104 | – | 817 |
| Disposals | – | – | – | – | – | (262) | – | (262) |
| 31 January 2024 | 841 | – | 1,255 | 2,048 | 4,427 | 2,488 | – | 11,059 |
| Charge | – | – | 433 | 276 | – | 97 | – | 806 |
| Impairment | 16,250 | – | – | – | – | – | – | 16,250 |
| Disposals | – | – | (145) | – | – | – | – | (145) |
| 31 January 2025 | 17,091 | – | 1,543 | 2,324 | 4,427 | 2,585 | – | 27,970 |
| Net book amount | | | | | | | | |
| 31 January 2025 | – | 4,300 | 1,693 | 3,242 | – | 1,666 | – | 10,901 |
| 31 January 2024 | 16,250 | 4,300 | 1,536 | 3,518 | – | 108 | 983 | 26,695 |
| 31 January 2023 | 16,250 | 4,300 | 1,469 | 3,799 | – | 148 | 482 | 26,448 |

1 Goodwill £16,250,000 (2024: £16,250,000), brand £5,566,000 (2024: £5,566,000) and customer-related intangibles £4,427,000 (2024: £4,427,000) were recognised on the business combination of Clarke & Clarke during the year ended 31 January 2017.

2 The Arthur Sanderson and William Morris Archive was purchased as part of the acquisition of Arthur Sanderson & Sons on 29 August 2003. It comprises an historical record of unique designs that are used to generate new products and royalty income in the business.

The total amortisation expense of £806,000 (2024: £817,000) in administration expenses is split £530,000 (2024: £536,000) in underlying items and £276,000 (2024: £281,000) in non-underlying items. The amount included in non-underlying items relates to the amortisation of acquired intangible assets.

13. Intangible assets *continued*

Impairment tests for goodwill and Arthur Sanderson and William Morris Archive

The total carrying value of goodwill at year end of £nil (2024: £16,250,000) is attributable to the Brands segment.

The carrying value of the Arthur Sanderson and William Morris Archive at the year end of £4,300,000 (2024: £4,300,000) is attributable to the Brands segment. The archive was independently valued during the year ended 31 January 2025 at £9,980,000 and therefore the carrying value of this asset is supported by the external valuation.

The Group has impaired the goodwill allocated to the Clarke & Clarke acquisition following a review of the future cash flows for the CGU. The impairment has been identified by assessing the future cash flows allocated to the CGU, with a 12% post-tax discount rate and long-term growth rate of 2% applied. The below sensitivities have been performed. As the goodwill is now fully impaired, any further impairment would be allocated to the remaining assets of the CGU on a pro rata basis.

| Post-tax discount rate | Impairment £000 | Variance to base model £000 | Long-term growth rate | Impairment £000 | Variance to base model £000 |
|------------------------|--------------------|-----------------------------------|--------------------------|--------------------|-----------------------------------|
| 11.00% | (15,100) | 1,150 | 0.00% | (17,100) | (850) |
| 12.00% | (16,250) | – | 1.00% | (16,600) | (350) |
| 13.00% | (16,900) | (650) | 2.00% | (16,250) | – |
| 14.00% | (17,600) | (2,350) | 3.00% | (15,400) | 850 |

The post-tax discount rate and long-term growth rates applied to the CGU have been reviewed and approved by the Board.

14. Property, plant and equipment

| | Freehold land and buildings £000 | Leasehold improvements £000 | Plant, equipment and vehicles £000 | Computer hardware £000 | Assets under construction £000 | Total £000 |
|--|---|-----------------------------------|---|------------------------------|--------------------------------------|---------------|
| Cost | | | | | | |
| 31 January 2023 | 6,510 | 697 | 31,271 | 2,280 | 850 | 41,608 |
| Additions | – | – | 1,743 | 60 | 392 | 2,195 |
| Disposals | (238) | 28 | (332) | (1,095) | – | (1,637) |
| Reclassifications | (157) | (210) | 647 | (90) | (190) | – |
| Currency movements | – | – | (59) | (33) | (33) | (125) |
| 31 January 2024 | 6,115 | 515 | 33,270 | 1,122 | 1,019 | 42,041 |
| Additions | 44 | 1,087 | 1,230 | 241 | 222 | 2,824 |
| Disposals | (167) | (400) | (3,422) | (7) | – | (3,996) |
| Transfers | 619 | 606 | 16 | – | (1,241) | – |
| Currency movements | (6) | – | 37 | 1 | – | 32 |
| 31 January 2025 | 6,605 | 1,808 | 31,131 | 1,357 | – | 40,901 |
| Accumulated depreciation and impairment | | | | | | |
| 31 January 2023 | 2,465 | 427 | 24,071 | 2,026 | – | 28,989 |
| Charge | 119 | 21 | 1,981 | 96 | – | 2,217 |
| Impairment | – | 116 | – | – | – | 116 |
| Disposals | (238) | 28 | (332) | (1,095) | – | (1,637) |
| Reclassifications | 77 | (77) | – | – | – | – |
| Currency movements | – | – | (54) | (34) | – | (88) |
| 31 January 2024 | 2,423 | 515 | 25,666 | 993 | – | 29,597 |
| Charge | 205 | 106 | 1,942 | 88 | – | 2,341 |
| Disposals | (167) | (400) | (3,422) | (7) | – | (3,996) |
| Currency movements | (3) | – | 23 | 1 | – | 21 |
| 31 January 2025 | 2,458 | 221 | 24,209 | 1,075 | – | 27,963 |
| Net book amount | | | | | | |
| 31 January 2025 | 4,147 | 1,587 | 6,922 | 282 | – | 12,938 |
| 31 January 2024 | 3,692 | – | 7,604 | 129 | 1,019 | 12,444 |
| 31 January 2023 | 4,045 | 270 | 7,200 | 254 | 850 | 12,619 |

Notes to the Consolidated Financial Statements continued

14. Property, plant and equipment continued

The total depreciation expense of £2,341,000 (2024: £2,217,000) has been allocated to administration expenses.

| | 2025 £000 | 2024 £000 |
|--------------------|--------------|--------------|
| Freehold land | 450 | 450 |
| Freehold buildings | 3,697 | 3,242 |
| Net book amount | 4,147 | 3,692 |

15. Right-of-use assets and lease liabilities

As a lessee

Information about leases for which the Group is a lessee is presented below:

Right-of-use assets

| | Leasehold properties £000 | Vehicles £000 | Plant and equipment £000 | Total £000 |
|--|---------------------------------|------------------|--------------------------------|---------------|
| Cost | | | | |
| 31 January 2023 | 12,331 | 915 | 1,079 | 14,325 |
| Additions | 2,686 | 203 | 17 | 2,906 |
| Disposals | – | (208) | (158) | (366) |
| Currency movements | (248) | – | (5) | (253) |
| 31 January 2024 | 14,769 | 910 | 933 | 16,612 |
| Additions | 8,005 | 159 | – | 8,164 |
| Disposals | (9,625) | (350) | (94) | (10,069) |
| Currency movements | 88 | – | 1 | 89 |
| 31 January 2025 | 13,237 | 719 | 840 | 14,796 |
| Accumulated depreciation and impairment | | | | |
| 31 January 2023 | 8,507 | 489 | 752 | 9,748 |
| Charge | 1,903 | 311 | 167 | 2,381 |
| Disposals | – | (208) | (158) | (366) |
| Currency movements | (133) | – | (4) | (137) |
| 31 January 2024 | 10,277 | 592 | 757 | 11,626 |
| Charge | 2,032 | 222 | 138 | 2,392 |
| Disposals | (9,446) | (340) | (78) | (9,864) |
| Currency movements | 53 | – | 1 | 54 |
| 31 January 2025 | 2,916 | 474 | 818 | 4,208 |
| Net book amount | | | | |
| 31 January 2025 | 10,321 | 245 | 22 | 10,588 |
| 31 January 2024 | 4,492 | 318 | 176 | 4,986 |
| 31 January 2023 | 3,824 | 426 | 327 | 4,577 |

15. Right-of-use assets and lease liabilities continued

Lease liabilities

| | Leasehold properties £000 | Vehicles £000 | Plant and equipment £000 | Total £000 |
|------------------------|------------------------------|------------------|-----------------------------|---------------|
| Balance | | | | |
| 31 January 2023 | 4,377 | 402 | 343 | 5,122 |
| Additions | 2,298 | 203 | 17 | 2,518 |
| Amounts paid | (1,921) | (342) | (171) | (2,434) |
| Effect of discounting | 84 | 15 | 7 | 106 |
| Currency movements | (166) | – | – | (166) |
| 31 January 2024 | 4,672 | 278 | 196 | 5,146 |
| Additions | 7,383 | 159 | – | 7,542 |
| Disposals | (176) | – | (15) | (191) |
| Amounts paid | (1,457) | (238) | (159) | (1,854) |
| Effect of discounting | 519 | 10 | 9 | 538 |
| Currency movements | 50 | – | 1 | 51 |
| 31 January 2025 | 10,991 | 209 | 32 | 11,232 |

Maturity analysis – contractual lease liabilities

| | 2025 £000 | 2024 £000 |
|--------------------------------|---------------|--------------|
| Current | 1,988 | 1,450 |
| Non-current | 9,244 | 3,696 |
| Total lease liabilities | 11,232 | 5,146 |

16. Inventories

| | 2025 £000 | 2024 £000 |
|---------------------|---------------|---------------|
| Raw materials | 4,588 | 4,314 |
| Work in progress | 1,298 | 1,984 |
| Finished goods | 20,316 | 19,371 |
| Marketing materials | 999 | 1,037 |
| | 27,201 | 26,706 |

There is no significant difference between the replacement cost of work in progress and finished goods and goods for resale and their carrying amounts. Inventories are stated after provisions for impairment of £7,061,000 (2024: £7,079,000). The cost of inventories recognised as an expense and included in cost of sales amounted to £23,619,000 (2024: £24,259,000).

17. Trade and other receivables

| | 2025 £000 | 2024 £000 |
|---|---------------|---------------|
| Current | | |
| Trade receivables | 11,590 | 11,413 |
| Less: provision for impairment of trade receivables | (801) | (641) |
| Net trade receivables | 10,789 | 10,772 |
| Other taxes and social security | – | 582 |
| Other receivables | 83 | 68 |
| Prepayments and accrued income | 2,028 | 2,574 |
| | 12,900 | 13,996 |

There is no material difference between the carrying amount and the fair value of the trade and other receivables.

The total loss allowance for trade receivables is determined as follows:

| 31 January 2025 £000 | Current | 1-30 days past due | More than 30 days past due | More than 60 days past due | More than 90 days past due | Total |
|-------------------------|---------|-----------------------|-------------------------------|-------------------------------|-------------------------------|--------|
| Trade receivables | 9,997 | 420 | 483 | 230 | 460 | 11,590 |
| Loss allowance | (269) | (17) | (64) | (104) | (347) | (801) |

| 31 January 2024 £000 | Current | 1-30 days past due | More than 30 days past due | More than 60 days past due | More than 90 days past due | Total |
|-------------------------|---------|-----------------------|-------------------------------|-------------------------------|-------------------------------|--------|
| Trade receivables | 8,914 | 799 | 645 | 193 | 862 | 11,413 |
| Loss allowance | (202) | (14) | (22) | (11) | (392) | (641) |

Due to the nature of the Group's products, there is a limited amount of inventory left in the possession of customers that could act as collateral under terms of trade. As the value of this inventory is immaterial, it has not been disclosed in the financial statements.

Credit quality of financial assets

(i) Current

Included in the Group's trade receivable balances are receivables with a carrying value of £9,997,000 (2024: £8,914,000) which are not past due. Under the expected credit loss model a provision is held for the lifetime credit loss on these balances of £150,000 (2024: £202,000). In addition, a specific provision of £119,000 (2024: £nil) has been made against individual trade receivables. The nature of the Group's business means that it has a long-standing relationship with the majority of its customers, who either have no experience of historical default or only temporary late payments with full recovery of balances due.

Notes to the Consolidated Financial Statements continued

17. Trade and other receivables continued

Credit quality of financial assets continued

(ii) Past due – not individually impaired

Included in the Group's trade receivable balances are receivables with a carrying value of £997,000 (2024: £2,140,000) which are past due at the reporting date for which the Group does not consider the need to create a specific impairment provision against individually identified receivables, but an expected credit loss provision has been made of £35,000 (2024: £143,000).

(iii) Past due – individually impaired

As at 31 January 2025, trade receivables of £596,000 (2024: £359,000) were individually determined to be impaired and provided for. The amount of the provision was £497,000 (2024: £296,000). The main factor used to assess the impairment of trade receivables is the circumstances of the individual customer. These receivables are analysed separately from IFRS 9's expected credit loss model.

| Trade receivables by geography | 2025 £000 | 2024 £000 |
|--------------------------------|---------------|---------------|
| United Kingdom | 5,948 | 6,634 |
| Northern Europe | 2,162 | 1,841 |
| North America | 1,977 | 1,406 |
| Rest of the World | 702 | 891 |
| | 10,789 | 10,772 |

| Trade and other receivables by currency | 2025 £000 | 2024 £000 |
|---|---------------|---------------|
| Sterling | 8,265 | 10,096 |
| US dollars | 2,706 | 1,761 |
| Euros | 1,488 | 1,630 |
| Other | 441 | 509 |
| | 12,900 | 13,996 |

The closing loss allowances for trade receivables as at 31 January 2025 reconcile to the opening loss allowances as follows:

| | Lifetime ECL £000 | Credit impaired £000 | 2025 £000 | 2024 £000 |
|--|----------------------|-------------------------|--------------|--------------|
| At 1 February | (345) | (296) | (641) | (921) |
| Net charge in allowance recognised in income statement | (264) | (23) | (287) | (48) |
| Allowance utilised in the year as uncollectible | 127 | – | 127 | 328 |
| At 31 January | (482) | (319) | (801) | (641) |

18. Trade and other payables

| | 2025 £000 | 2024 £000 |
|---------------------------------|---------------|---------------|
| Trade payables | 8,465 | 9,289 |
| Other taxes and social security | 901 | 1,159 |
| Other payables | 278 | 263 |
| Accruals | 3,193 | 3,366 |
| | 12,837 | 14,077 |

19. Provision for liabilities and charges

| | Property £000 | Other £000 | Total £000 |
|------------------------|------------------|---------------|---------------|
| 31 January 2023 | 1,037 | – | 1,037 |
| Charged | 124 | 493 | 617 |
| Utilised | (217) | – | (217) |
| 31 January 2024 | 944 | 493 | 1,437 |
| Charged | 250 | 989 | 1,239 |
| Utilised | (200) | (774) | (974) |
| 31 January 2025 | 994 | 708 | 1,702 |

| | 2025 £000 | 2024 £000 |
|--------------|--------------|--------------|
| Current | 733 | 1,437 |
| Non-current | 969 | – |
| Total | 1,702 | 1,437 |

Property

Property-related provisions consist of estimated rectification costs arising from wear and tear that will fall due on exiting property leases.

Other provisions

Other provisions include restructuring provisions and employee termination payments and are recognised when a detailed, formal plan has been established and communicated to those parties directly affected by the plan.

20. Retirement benefit obligations

Defined contribution schemes

The Group contributes to a Group Personal Pension Plan which is also a defined contribution scheme. Contributions are charged to the Income Statement as incurred and amounted to £1,149,000 (2024: £1,112,000). There were £151,000 outstanding contributions at 31 January 2025 (2024: £148,000). Active members of the schemes are also able to make personal contributions.

Defined benefit schemes

Sanderson Design Group PLC operates two defined benefit schemes in the UK which both offer pensions in retirement and death benefits to members: the Walker Greenbank Pension Plan and the Abaris Holdings Limited Pension Scheme. Pension benefits are related to the members' final salary at retirement and their length of service. The schemes are closed to new members and to future accrual of benefits, although deferred members still in service have a salary link to their benefits.

The Group's contributions to the schemes for the year beginning 1 February 2025 are expected to be £600,000.

Plan assets held in the fund are governed by local regulations and practice in the UK. Responsibility for the governance of the plan, including investment decisions and contributions schedules, lies with the Trustees of the schemes.

In June 2024, the Trustees of the Abaris Holdings Limited Pension Scheme completed a bulk annuity purchase of the Scheme with Aviva to insure the benefits of deferred and pensioner members. The buy-in is an asset and the underlying benefits are still liabilities of the Scheme.

Actuarial valuations of the Schemes were carried out as at 31 January 2025, based on membership data at 5 April 2024 and 11 October 2023 for the Walker Greenbank Pension Plan and Abaris Holdings Limited Pension Scheme respectively, updated to take account of benefit outgo since the respective dates, using actuarial assumptions at 31 January 2025. The major assumptions used by the actuary were (in nominal terms) as follows:

| | 2025 | 2024 |
|---|--------------|-------|
| Discount rate | 5.40% | 4.90% |
| Inflation assumption (RPI) | 3.30% | 3.10% |
| Inflation assumption (CPI) | 2.70% | 2.70% |
| Rate of increase in salaries | 2.70% | 2.70% |
| Rate of increase to pensions in payment, that increase in line with RPI subject to a maximum of 5% p.a. | 3.10% | 2.95% |
| Rate of increase to pensions (in excess of GMP) in deferment | 2.70% | 2.70% |

The mortality assumptions imply the expected future lifetime from age 65 as follows:

| | 2025 | 2024 |
|-----------------------------------|-------------|------|
| Non-pensioner male currently 45 | 22.1 | 22.1 |
| Pensioner male currently 65 | 21.1 | 21.1 |
| Non-pensioner female currently 45 | 24.8 | 24.7 |
| Pensioner female currently 65 | 23.6 | 23.6 |

| | 2025 £000 | 2024 £000 |
|-------------------------------------|-----------------|--------------|
| Present value of funded obligations | (46,410) | (49,577) |
| Fair value of scheme assets | 48,720 | 48,680 |
| Surplus/(deficit) in funded scheme | 2,310 | (897) |

Reconciliation of surplus/(deficit) in funded scheme

| | 2025 £000 | 2024 £000 |
|---|--------------|--------------|
| 1 February | (897) | (2,446) |
| Contributions by employers | 4,369 | 2,314 |
| Defined benefit pension charge | (490) | (431) |
| Investment-related defined benefit pension charge | (305) | (218) |
| Total remeasurements of the net defined benefit liability | (367) | (116) |
| 31 January | 2,310 | (897) |

Notes to the Consolidated Financial Statements continued

20. Retirement benefit obligations continued

Reconciliation of surplus/(deficit) in funded scheme continued

The fair value of the assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the Schemes' liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

| | 2025 £000 | 2024 £000 |
|------------------------------|--------------|--------------|
| Diversified growth funds | 18,932 | 19,461 |
| Buy and maintain credit | 8,019 | 8,441 |
| Gilts | – | 5,035 |
| Liability-driven investments | 9,580 | 8,701 |
| Insured annuities | 7,760 | 100 |
| Liquidity funds | 4,167 | 6,216 |
| Cash and other | 262 | 726 |
| Fair value of scheme assets | 48,720 | 48,680 |

All invested assets are invested with fund managers in the UK investing in the UK and overseas investments. The assets do not include the Group's financial instruments or property connected with the Group.

The actual return on assets, excluding interest income, less interest income on scheme assets, over the year was a loss of £602,000 (2024: loss of £2,197,000).

Reconciliation of opening and closing balances of the fair value of plan assets

| | 2025 £000 | 2024 £000 |
|---|--------------|--------------|
| Fair value of plan assets at beginning of year | 48,680 | 51,783 |
| Interest income on scheme assets | 2,424 | 2,310 |
| Loss on return on assets, excluding interest income | (3,026) | (4,508) |
| Contributions by employers | 4,369 | 2,314 |
| Benefits paid | (2,868) | (2,641) |
| Investment-related defined benefit pension costs | (305) | (218) |
| Scheme administrative costs | (554) | (360) |
| Fair value of scheme assets at end of year | 48,720 | 48,680 |

Reconciliation of opening and closing balances of the present value of the defined benefit obligation

| | 2025 £000 | 2024 £000 |
|--|--------------|--------------|
| Benefit obligation at beginning of year | 49,577 | 54,229 |
| Interest cost | 2,360 | 2,381 |
| Remeasurement gains – changes in financial assumptions | (2,336) | (2,087) |
| Remeasurement gains – changes in demographic assumptions | (142) | (2,780) |
| Remeasurement gains – experience | (181) | 475 |
| Benefits paid | (2,868) | (2,641) |
| Benefit obligation at end of year | 46,410 | 49,577 |

Analysis of amounts charged against profits

Amounts recognised in the income statement in respect of defined benefit retirement plans are as follows:

| | 2025 £000 | 2024 £000 |
|-------------------------------------|--------------|--------------|
| Interest income on scheme assets | 2,424 | 2,310 |
| Interest cost | (2,360) | (2,381) |
| Net pension interest income/(costs) | 64 | (71) |
| Scheme administrative costs | (554) | (360) |
| Defined benefit pension charge | (490) | (431) |

Remeasurements of the net defined benefit liability/(asset) to be shown in the Statement of Comprehensive Income

| | 2025 £000 | 2024 £000 |
|---|--------------|--------------|
| Net remeasurement – financial | (2,336) | (2,087) |
| Net remeasurement – demographic | (142) | (2,780) |
| Net remeasurement – experience | (181) | 475 |
| Return on assets, excluding interest income | 3,026 | 4,508 |
| Total remeasurements of the net defined benefit liability | 367 | 116 |

20. Retirement benefit obligations continued

Sensitivity analysis

The table below shows the impact on the defined benefit obligation of changing each of the most significant assumptions. The figures have been calculated using the same valuation method that was used to calculate the defined benefit obligation above.

| | | Impact on scheme liabilities 2025 (£m) | | Impact on scheme liabilities 2024 (£m) | |
|--------------------------|-----------------|---|----------|---|----------|
| Change in assumption | | Increase | Decrease | Increase | Decrease |
| Discount rate | 0.25% movement | (1.2) | 1.3 | (1.4) | 1.4 |
| Rate of inflation (RPI)* | 0.25% movement | 0.5 | (0.5) | 0.6 | (0.5) |
| Rate of inflation (CPI)* | 0.25% movement | 0.2 | (0.3) | 0.3 | (0.3) |
| Assumed life expectancy | 1 year movement | 1.7 | (1.6) | 2.4 | (2.4) |

* With corresponding changes to the CPI, salary and pension increase assumptions.

Extrapolation of the sensitivity analysis beyond the ranges shown may not be appropriate.

Risk exposure

Through its defined benefit pension plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

- **Asset volatility:** The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield the funding position will deteriorate.
- **Changes in bond yields:** A decrease in corporate bond yields will increase liabilities, although this will be partially offset by an increase in the value of bond holdings and the buy-in.
- **Inflation risks:** Some of the Group's pension obligations are linked to salary inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). Not all of the invested assets are inflation-linked meaning that an increase in inflation will also increase the deficit.
- **Life expectancy:** The majority of the obligations are to provide benefits for the life of the member so increases in life expectancy will result in an increase in the liabilities.

The weighted average duration of defined benefit obligations is 12 years.

21. Financial instruments

The accounting policies for financial instruments have been applied to the line items below:

| 31 January 2025 | Amortised cost £000 | Financial derivative instruments for hedging £000 | Total £000 |
|--|---------------------------|---|---------------|
| Assets as per Balance Sheet | | | |
| Trade receivables and other receivables* | 10,872 | – | 10,872 |
| Minimum guaranteed licensing receivables | 14,298 | – | 14,298 |
| Cash and cash equivalents | 5,814 | – | 5,814 |
| Total | 30,984 | – | 30,984 |

* Includes other receivables but excludes taxes and prepayment.

| 31 January 2025 | Other financial liabilities £000 | Financial derivative instruments for hedging £000 | Total £000 |
|---|--|---|---------------|
| Liabilities as per Balance Sheet | | | |
| Lease liabilities | 11,232 | – | 11,232 |
| Trade and other payables* | 11,936 | – | 11,936 |
| Financial derivative instrument | – | 19 | 19 |
| Total | 23,168 | 19 | 23,187 |

* Includes other payables and accruals.

| 31 January 2024 | Amortised cost £000 | Financial derivative instruments for hedging £000 | Total £000 |
|--|------------------------|---|---------------|
| Assets as per Balance Sheet | | | |
| Trade receivables and other receivables* | 10,840 | – | 10,840 |
| Minimum guaranteed licensing receivables | 9,448 | – | 9,448 |
| Financial derivative instrument | – | 26 | 26 |
| Cash and cash equivalents | 16,342 | – | 16,342 |
| Total | 36,630 | 26 | 36,656 |

* Includes other receivables but excludes taxes and prepayment.

Notes to the Consolidated Financial Statements continued

21. Financial instruments continued

| 31 January 2024 | Other financial liabilities £000 | Financial derivative instruments for hedging £000 | Total £000 |
|---|-------------------------------------|--|---------------|
| Liabilities as per Balance Sheet | | | |
| Lease liabilities | 5,146 | – | 5,146 |
| Trade and other payables* | 12,918 | – | 12,918 |
| Total | 18,064 | – | 18,064 |

* Includes other payables and accruals.

The financial instruments in place are to mitigate the risks associated with net future US dollar receipts. The Group uses fixed forward hedging instruments. The fixed forward contracts are fixed agreements to exchange currency at the hedged rate. To manage the foreign exchange risk arising on future transactions, it is the Group's policy to enter forward currency contracts to hedge the exposure. The details of the notional amount's hedged rate and spot rate at 31 January 2025 are outlined below.

| | 2025 | 2024 |
|---|---------------|--------|
| USD/GBP spot rate at 31 January | 1.2426 | 1.2659 |
| Fixed forward contracts | | |
| Weighted average forward rate | 1.2413 | 1.2725 |
| Maturing in the next year (notional amount in US dollars 000's) | 1,100 | 2,350 |

The hedge ratio is 1:1.

The following table analyses the Group's financial liabilities, into relevant maturity groupings based on the remaining period to contractual maturity at the Balance Sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows. The maturity profile of undiscounted cash flows on variable interest rate borrowings has assumed interest rates as at the Balance Sheet date.

| | Less than 1 year £000 | Between 1 to 2 years £000 | Between 2 to 5 years £000 | Over 5 years £000 |
|----------------------------------|-----------------------------|---------------------------------|---------------------------------|-------------------------|
| 31 January 2025 | | | | |
| Trade and other payables | 11,936 | – | – | – |
| Leases (undiscounted cash flows) | 2,023 | 2,669 | 6,290 | 2,893 |
| | 13,959 | 2,669 | 6,290 | 2,893 |
| 31 January 2024 | | | | |
| Trade and other payables | 12,918 | – | – | – |
| Leases (undiscounted cash flows) | 1,513 | 2,802 | 1,055 | – |
| | 14,431 | 2,802 | 1,055 | – |

22. Share capital

| Ordinary shares of 1p each: | Number of shares | £ |
|-----------------------------|-------------------|----------------|
| Called up and fully paid: | | |
| 31 January 2025 | 71,994,853 | 719,949 |
| 31 January 2024 | 71,706,224 | 717,062 |
| 31 January 2023 | 71,468,206 | 714,682 |

Sanderson Design Group PLC's issued ordinary share capital with voting rights consists of 71,994,853 (2024: 71,706,224) ordinary shares of which nil (2024: nil) ordinary shares are held in treasury and nil (2024: 1) ordinary share is held by the Walker Greenbank Plc EBT. Shares held in treasury or by the EBT are treated as cancelled when calculating EPS.

The market value of shares held by the EBT at 31 January 2025 was £nil (2024: £1). The total number of shares held in the EBT at the year end represented nil% (2024: less than 0.1%) of the issued shares.

Shares held by the EBT and the treasury shares are held for the purpose of satisfying awards under incentive plans to Executive Directors and senior management.

Long-Term Incentive Plans ('LTIPs') and Restricted Share Plans ('RSPs')

The Group operates LTIPs and RSPs. At the reporting date, there are five awards active, which have been detailed below. The LTIP and RSP scheme has previously been approved by the shareholders at an Annual General Meeting.

Awards under the scheme are granted in the form of nil-priced share options, and are to be satisfied either using market-purchased shares or by the issuing of new shares. The awards vest in full or in part dependent on the satisfaction of specified performance targets at the end of the vesting period applying to each award. The number of awards that vest is dependent upon the performance underpinned at the date of grant.

On 14 June 2024, 82,116 shares vested under the Company's LTIP Award Fourteen. To satisfy the vesting, shares of 1p each were allotted. The share price was 164.5p on the vesting dates.

On 11 November 2024, 208,142 shares vested under the Company's LTIP Award Thirteen. To satisfy the vesting, shares of 1p each were allotted. The share price was 59.2p on the vesting dates.

The vesting dates for Award Thirteen are split 40% on 11 November 2023, 36% on 11 November 2024, and 24% on 11 November 2025. The fair value at the date of grant for this award has been determined based on the share price at the date of grant discounted by the estimated dividends payable on the shares over the relevant vesting period. The relevant fair values are 61.3p for awards vesting on 11 November 2023, 59.2p for awards vesting on 11 November 2024, and 57.2p for those vesting on 11 November 2025.

The vesting dates for Award Fourteen are split 40% on 14 June 2024, 40% on 14 June 2025, and 20% on 14 June 2026. The fair value at the date of grant for this award has been determined based on the share price at the date of grant discounted by the estimated dividends payable on the shares over the relevant vesting period. The relevant fair values are 164.5p for awards vesting on 14 June 2024, 161.1p for awards vesting on 14 June 2025, and 157.8p for those vesting on 14 June 2026.

22. Share capital *continued*

The vesting dates for Award Fifteen are split 40% on 30 May 2025, 40% on 30 May 2026, and 20% on 30 May 2027. The fair value at the date of grant for this award has been determined based on the share price at the date of grant discounted by the estimated dividends payable on the shares over the relevant vesting period. The relevant fair values are 132.2p for awards vesting on 30 May 2025, 129.4p for awards vesting on 30 May 2026, and 126.7p for those vesting on 30 May 2027.

The vesting dates for Award Sixteen are split 40% on 2 June 2026, 40% on 2 June 2027, and 20% on 2 June 2028. The fair value at the date of grant for this award has been determined based on the share price at the date of grant discounted by the estimated dividends payable on the shares over the relevant vesting period. The relevant fair values are 113.6p for awards vesting on 2 June 2026, 110.4p for awards vesting on 2 June 2027, and 107.4p for those vesting on 2 June 2028.

The vesting dates for Award Seventeen are split 40% on 29 May 2027, 40% on 29 May 2028, and 20% on 29 May 2029. The fair value at the date of grant for this award has been determined based on the share price at the date of grant discounted by the estimated dividends payable on the shares over the relevant vesting period. The relevant fair values are 97.0p for awards vesting on 29 May 2027, 94.4p for awards vesting on 29 May 2028, and 91.9p for those vesting on 29 May 2029.

Further details of vesting conditions are set out in the Directors' Remuneration Report.

Further details of Awards Thirteen to Seventeen are set out below:

| | Award Thirteen | | | Award Fourteen | | |
|---|--|--|--|--|--|--|
| Grant date of awards | 11 Nov 2020 | 11 Nov 2020 | 11 Nov 2020 | 14 Jun 2021 | 14 Jun 2021 | 14 Jun 2021 |
| Grant date fair value of award (pence per award) | See above | See above | See above | See above | See above | See above |
| Vesting date of awards | See above | See above | See above | See above | See above | See above |
| Maximum number of awards | 344,361 | 344,361 | 344,361 | 143,725 | 143,725 | 143,725 |
| Vesting condition based on | Adjusted PBT | Free cash flow | Sustainability improvement | Adjusted PBT | Free cash flow | Sustainability improvement |
| Relevant date for determination of vesting conditions | Adjusted PBT for the year ending 31 Jan 2023 | Free cash flow for the year ending 31 Jan 2023 | Sustainability improvement for the year ending 31 Jan 2023 | Adjusted PBT for the year ending 31 Jan 2024 | Free cash flow for the year ending 31 Jan 2024 | Sustainability improvement for the year ending 31 Jan 2024 |

| | Award Fifteen | | | Award Sixteen | | |
|---|--|--|--|--|--|--|
| Grant date of awards | 30 May 2022 | 30 May 2022 | 30 May 2022 | 2 June 2023 | 2 June 2023 | 2 June 2023 |
| Grant date fair value of award (pence per award) | See above | See above | See above | See above | See above | See above |
| Vesting date of awards | See above | See above | See above | See above | See above | See above |
| Maximum number of awards | 184,686 | 184,686 | 184,686 | 195,689 | 195,689 | 195,689 |
| Vesting condition based on | Adjusted PBT | Cash generated from operations | Sustainability improvement | Adjusted PBT | Cash generated from operations | Sustainability improvement |
| Relevant date for determination of vesting conditions | Adjusted PBT for the year ending 31 Jan 2025 | Cash generated from operations for the year ending 31 Jan 2025 | Sustainability improvement for the year ending 31 Jan 2025 | US sales for the year ending 31 Jan 2026 | Cash generated from operations for the year ending 31 Jan 2026 | Sustainability improvement for the year ending 31 Jan 2026 |

| | Award Seventeen | | |
|---|--|--|--|
| Grant date of awards | 29 May 2024 | 29 May 2024 | 29 May 2024 |
| Grant date fair value of award (pence per award) | See above | See above | See above |
| Vesting date of awards | See above | See above | See above |
| Maximum number of awards at grant date | 273,552 | 273,551 | 273,551 |
| Vesting condition based on | Adjusted PBT | Cash generated from operations | Sustainability improvement |
| Relevant date for determination of vesting conditions | US sales for the year ending 31 Jan 2027 | Cash generated from operations for the year ending 31 Jan 2027 | Sustainability improvement for the year ending 31 Jan 2027 |

Notes to the Consolidated Financial Statements continued

22. Share capital continued

The fair values of these payments are measured at the date of grant, taking into account the terms and conditions upon which the awards are granted. The fair value is recognised over the period during which employees become conditionally entitled to the awards, subject to the Group's estimate of the number of awards which will lapse, either due to employees leaving the Group prior to vesting or due to non-market-based performance conditions not being met. The total amount recognised in the Income Statement as an expense is adjusted to reflect the actual number of awards that vest. National Insurance contributions related to the awards are recognised as an expense in the Income Statement with a corresponding liability on the Balance Sheet.

The expense recognised in the Income Statement for share awards granted to employees is disclosed in note 9.

Movements in the number of awards outstanding, assuming maximum achievement of vesting conditions, are as follows:

| | 2025 Number | 2024 Number restated |
|---------------|----------------|----------------------------|
| At 1 February | 1,750,081 | 1,692,458 |
| Granted | 820,654 | 587,067 |
| Exercised | (290,258) | (238,019) |
| Forfeiture | (133,243) | (99,756) |
| Lapsed | (106,813) | (191,669) |
| At 31 January | 2,040,421 | 1,750,081 |

The share-based payment charge in the Income Statement can be analysed as follows:

| | 2025 £000 | 2024 £000 |
|---|--------------|--------------|
| Equity charge | 287 | 422 |
| Accrual of employer's National Insurance contribution | (42) | 58 |
| Share-based payment charge | 245 | 480 |

23. Other reserves

| | |
|--|--------|
| Capital reserve represents: | £000 |
| Share premium of companies acquired under merger accounting principles | 1,276 |
| Capital reserve arising on consolidation | 293 |
| Capital redemption reserve on capital restructurings | 41,888 |
| At 31 January 2024 | 43,457 |
| At 31 January 2025 | 43,457 |

| Other reserves represent: | 2025 £000 | 2024 £000 |
|--------------------------------------|--------------|--------------|
| Capital reserve | 43,457 | 43,457 |
| Merger reserve | (2,950) | (2,950) |
| Foreign currency translation reserve | (711) | (769) |
| | 39,796 | 39,738 |

24. Dividends

During the year to 31 January 2025, the Group paid a final dividend of 2.75p (£1,974,000) on 9 August 2024 and an interim dividend of 0.50p (£359,000) on 9 November 2024.

A final dividend of 1.00p is now proposed taking the full year dividend to 1.50p. This payment will be made on 8 August 2025 to the shareholders registered on the Company's register on 11 July 2025 if approved at the Company's forthcoming Annual General Meeting. The Board remains committed to returning to a progressive dividend policy when trading conditions improve.

25. Analysis of net funds

| | 1 February 2024 £000 | Cash flow £000 | Other non-cash changes £000 | 31 January 2025 £000 |
|---------------------------|----------------------------|-------------------|-----------------------------------|----------------------------|
| Cash and cash equivalents | 16,342 | (10,528) | – | 5,814 |
| Finance lease liabilities | (5,146) | (1,854) | (4,232) | (11,232) |
| Net funds | 11,196 | (12,382) | (4,232) | (5,418) |

26. Commitments

Capital commitments

Capital expenditure contracted for at the Balance Sheet date but not yet incurred is as follows:

| | 2025 £000 | 2024 £000 |
|-------------------------------|--------------|--------------|
| Property, plant and equipment | – | 648 |

Contingent liabilities

The Group has a duty deferment guarantee in place to His Majesty's Revenue & Customs ('HMRC') of £900,000 (2024: £900,000) with Barclays Bank Plc as part of a £1,000,000 (2024: £1,000,000) bonds, guarantees and standing letter of credit facility.

Company Balance Sheet

As at 31 January 2025

| | Note | 2025 £000 | 2024 £000 |
|--|------|----------------|--------------|
| Non-current assets | | | |
| Right-of-use assets | 6 | 9 | 180 |
| Investments | 7 | 59,941 | 59,941 |
| Deferred income tax asset | 9 | 96 | 834 |
| | | 60,046 | 60,955 |
| Current assets | | | |
| Other receivables | 8 | 2,048 | 4,728 |
| Cash and cash equivalents | | 83 | 60 |
| | | 2,131 | 4,788 |
| Total assets | | 62,177 | 65,743 |
| Current liabilities | | | |
| Creditors: amounts falling due within one year | 10 | (1,215) | (1,392) |
| Lease liabilities | 6 | (9) | (131) |
| Provision for liabilities and charges | 11 | – | (650) |
| | | (1,224) | (2,173) |
| Non-current liabilities | | | |
| Lease liabilities | 6 | – | (30) |
| | | – | (30) |
| Total liabilities | | (1,224) | (2,203) |
| Net assets | | 60,953 | 63,540 |
| Capital reserves | | | |
| Called-up share capital | 12 | 720 | 717 |
| Share premium account | | 18,682 | 18,682 |
| (Accumulated deficit)/retained earnings | | (337) | 2,253 |
| Capital redemption reserves | 13 | 41,888 | 41,888 |
| Total shareholders' funds | | 60,953 | 63,540 |

The Company made a loss for the year of £512,000 (2024: loss after tax of £53,000). During the year, the Company received dividend income of £5,000,000 (2024: £20,500,000) and made an impairment charge of £nil (2024: £20,500,000).

The financial statements on pages 99 to 106 were approved by the Board of Directors on 29 April 2025 and signed on its behalf by



Lisa Montague
Director



Mike Woodcock
Director

Registered number: 61880

Company Statement of Changes in Equity

Year ended 31 January 2025

| | Called-up share capital (note 12) £000 | Share premium account £000 | Retained earnings/ (accumulated deficit) £000 | Capital redemption reserve (note 13) £000 | Total shareholders' funds £000 |
|---|---|-------------------------------------|---|---|---|
| Balance at 31 January 2023 | 715 | 18,682 | 4,461 | 41,888 | 65,746 |
| Loss for the year | – | – | (53) | – | (53) |
| Total comprehensive loss | – | – | (53) | – | (53) |
| Transactions with owners, recognised directly in equity: | | | | | |
| Issuance of share capital for share-based payment vesting | 2 | – | (2) | – | – |
| Dividends | – | – | (2,501) | – | (2,501) |
| Share-based award equity charge | – | – | 422 | – | 422 |
| Related tax movements on share-based award | – | – | (74) | – | (74) |
| Balance at 31 January 2024 | 717 | 18,682 | 2,253 | 41,888 | 63,540 |
| Loss for the year | – | – | (512) | – | (512) |
| Total comprehensive loss | – | – | (512) | – | (512) |
| Transactions with owners, recognised directly in equity: | | | | | |
| Issuance of share capital for share-based payment vesting | 3 | – | (3) | – | – |
| Dividends | – | – | (2,333) | – | (2,333) |
| Share-based award equity charge | – | – | 287 | – | 287 |
| Related tax movements on share-based award | – | – | (29) | – | (29) |
| Balance at 31 January 2025 | 720 | 18,682 | (337) | 41,888 | 60,953 |

The notes on pages 100 to 106 form an integral part of these financial statements.

Notes to the Company Financial Statements

1. Accounting policies and general information

Basis of consolidation

These financial statements present information relating to the entity Sanderson Design Group PLC ('the Company') and are not consolidated. The consolidated financial statements of Sanderson Design Group PLC and its subsidiaries ('the Group') of which the Company is the parent are separately presented within the Annual Report and Accounts and are prepared in accordance with UK adopted International Accounting Standards.

Basis of preparation

The financial statements have been prepared in accordance with the FRS 101. The financial statements have been prepared under the historical cost convention, and with the accounting policies set out below, which have been consistently applied to all periods presented unless otherwise indicated.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the Company continues to adopt the going concern basis in preparing its financial statements as detailed in the Group's going concern analysis.

No Income Statement is presented for the Company as it has applied the exemption provided by Section 408 of the Companies Act 2006.

In accordance with FRS 101, the following exemptions from the requirements of IFRSs have been applied in the preparation of these financial statements:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7, 'Financial Instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 'Property, plant and equipment';
 - (iii) paragraph 118(e) of IAS 38 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period); and
 - (iv) paragraphs 76 and 79(d) of IAS 40 'Investment Property'.
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - (i) 10(d) (statement of cash flows);
 - (ii) 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
 - (iii) 16 (statement of compliance with all IFRS);
 - (iv) 38A (requirement for minimum of two primary statements, including cash flow statements);
 - (v) 111 (cash flow statement information); and
 - (vi) 134-136 (capital management disclosures).

1. Accounting policies and general information *continued*

Basis of preparation *continued*

- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- IFRS 7 financial instrument disclosure.
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.
- Paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36, 'Impairment of Assets'.
- The requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 'Business Combinations'.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in the critical accounting estimates and judgements section of the Company.

Adoption of new and revised accounting standards and interpretations

No new standards and interpretations issued and effective for the year have had any significant impact.

Foreign currencies

For the purpose of the financial statements, the results and financial position are expressed in sterling, which is the functional and presentation currency of the Company.

Transactions in foreign currencies, which are those other than the functional currency of the Company, are recorded at the rate ruling at the date of the transaction.

Investments

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the Directors when there has been an indication of potential impairment. In accordance with IAS 39, the Company has adopted the cost-based approach for subsequent changes in the value of contingent consideration which represent a financial liability or asset. These are treated as part of the cost or a reduction in the cost of the investment.

Financial assets and liabilities – measurement basis

Financial assets and liabilities are recognised on the date on which the Company becomes a party to the contractual provisions of the instrument giving rise to the asset or liability. Financial assets and liabilities are initially recognised at fair value plus transaction costs and are continually reviewed for impairment going forward. Any impairment of a financial asset is charged to the Income Statement when incurred. Financial assets are derecognised when the Company's rights to cash inflows from the asset expire; financial liabilities are derecognised when the contractual obligations are discharged, cancelled or expired.

Non-derivative financial assets are classified as either amortised cost or fair value through profit and loss. This category includes:

- 'Trade and other receivables' – these are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides goods directly to a customer, or advances money, with no intention of trading the loan or receivable. Trade receivables are recognised initially at the amount of consideration that is unconditional. Subsequent to initial recognition, loans and receivables are included in the Balance Sheet at amortised cost using the effective interest method less any amounts written off to reflect impairment, with changes in the carrying amount recognised in the Income Statement within administration expenses; and
- 'Cash and cash equivalents' – these comprise deposits with an original maturity of 90 days or less with banks and financial institutions, bank balances, bank overdrafts with the right of offset and cash in hand.

The Company's non-derivative financial liabilities are classified as 'Other liabilities'. Other liabilities are financial liabilities with fixed or determinable payments that are not quoted in an active market. They arise when the Company receives goods or services directly from a payable or supplier, or borrows money, with no intention of trading the liability. This category includes:

- 'Creditors' – these are typically non-interest bearing and following initial recognition are included in the Balance Sheet at amortised cost using the effective interest method;
- 'Bank overdrafts' – these are initially recorded at fair value based on proceeds received net of issue costs and subsequently held at amortised cost using the effective interest method; and
- 'Borrowings' – these are recorded initially at the fair value, net of direct issue costs, and are subsequently stated at amortised cost. Finance charges, including premiums payable on settlement, or redemption and direct issue costs, are accounted for in the Income Statement, using the effective interest method, and are included within the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Borrowing costs are capitalised as an increase to the carrying value of software or property, plant and equipment on major projects where their impact is material.

Cash and cash equivalents

Cash and cash equivalents represent only liquid assets with original maturity of 90 days or less. Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts that cannot be offset against other cash balances are shown within borrowings in current liabilities on the Balance Sheet.

Leases

Definition of a lease

At the lease commencement date, a right-of-use asset is recognised for the leased item with a corresponding lease liability for any payments due. The right-of-use asset is initially measured at cost, being the present value of the lease payments paid or payable (net of any incentives received from the lessor), plus any initial direct costs and/or restoration costs.

Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the asset's useful life or the end of the lease term. The lease term is the non-cancellable period of the lease plus any periods for which the Company is 'reasonably certain' to exercise any extension options. If right-of-use assets are considered to be impaired, the carrying value is reduced accordingly. After initial recognition, the lease liability is recorded at amortised cost using the effective interest method.

Notes to the Company

Financial Statements continued

1. Accounting policies and general information continued

Employee benefits – retirement benefit obligations

Sanderson Design Group operates both defined benefit and defined contribution pension schemes for the benefit of its employees.

Defined benefit pension schemes are accounted for within the separate financial statements of the Company's trading subsidiary, Sanderson Design Group Brands Limited (formerly Abaris Holdings Limited). The Company recognises contributions to defined contribution schemes in respect of its employees as expenses when incurred.

Employee Benefit Trust ('EBT')

Where the Company's issued share capital is acquired by an EBT sponsored by the Company, the cost of acquisition is deducted from retained earnings.

Employee benefits – share-based payments under Long Term Incentive Plans ('LTIPs') and Restricted Share Plans ('RSPs')

The Company issues equity-settled share-based payments to certain employees which must be measured at fair value and recognised as an expense in the Income Statement with a corresponding increase in equity.

The fair values of these payments are measured at the date of grant, considering the terms and conditions upon which the awards are granted. The fair value is recognised over the period during which employees become conditionally entitled to the awards, subject to the Company's estimate of the number of awards which will lapse, either due to employees leaving the Company prior to vesting or due to non-market-based performance conditions not being met.

The total amount recognised in the Income Statement as an expense is adjusted to reflect the actual number of awards that vest. National Insurance contributions related to the awards are recognised as an expense in the Income Statement with a corresponding liability on the Balance Sheet.

Employee benefits – short-term bonus plans

The Company recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Provisions for liabilities and charges

Provisions are required for restructuring costs and employment-related benefits when the Company has a present legal or constructive obligation at the reporting date as a result of a past event and it is probable that settlement will be required of an amount that can be reliably estimated.

Other provisions reflect the Directors' best estimate of future obligations relating to legal claims and litigation, together with dilapidation costs for the maintenance of leasehold properties arising from past events such as lease renewals and terminations. These estimates are reviewed at the reporting date and updated as necessary.

Share capital

Ordinary shares are classified as equity. Costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds. Dividend distribution is set by the Board on a regular basis so long as sufficient funds are available.

Share premium

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Treasury shares

Consideration paid including any directly attributable incremental costs (net of income taxes) on the purchase of the Company's equity share capital (treasury shares) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity shareholders. The EBT is treated as an agent of the Company and as such EBT transactions are treated as being those of the Company.

Taxation including deferred tax

Current tax is based on the taxable profit for the year. Taxable profit differs from the net profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Balance Sheet date. Current tax includes withholding taxes from sales and licensing income in overseas territories.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. A deferred tax asset is recognised relating to share-based payments equal to the intrinsic value (market price at the year-end less the exercise price). Deferred tax is recognised in the profit and loss based on the temporary difference between the tax base of the fair value of the employee's services received in the year. The amount recognised in equity is the excess deduction based on the difference between the intrinsic value and the cumulative fair value of the share-based payments recognised in profit and loss.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities and there is an intention to settle the balances on a net basis.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Dividend distributions

Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

2. Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning future events. The resulting accounting estimates will seldom precisely equal the related actual results. The Company applies its best endeavours in setting accounting estimates, and uses historical experience and other factors, including input from experienced and specialist management. Estimates and assumptions are periodically re-evaluated and the resulting accounting balances updated as new information, including actual outcomes, becomes apparent.

In the current year, there are no estimates and judgements of the Company that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3. Auditors' remuneration

| | 2025 £000 | 2024 £000 |
|---|--------------|--------------|
| Audit fee – fees payable to the Company's auditor for the audit of the Parent Company and the consolidation of the Group financial statements | 97 | 88 |

4. Employee information

| | 2025 £000 | 2024 £000 |
|---|--------------|--------------|
| Wages and salaries | 2,452 | 2,204 |
| Social security costs | 255 | 161 |
| Other pension costs | 91 | 91 |
| Share-based payment awards, including NIC thereon | 245 | 480 |
| Employee benefit expense | 3,043 | 2,936 |

| | 2025 £000 | 2024 £000 |
|---|--------------|--------------|
| The average monthly number of employees (including Directors) during the year | | |
| Corporate and administration | 24 | 22 |

5. Emoluments of Directors

Information on the remuneration of the Directors, including the highest paid Director, is provided in the emoluments of Directors and key management personnel section in the note to the consolidated financial statements.

6. Right-of-use assets and lease liabilities

As a lessee

Information about leases for which the Company is a lessee is presented below:

Right-of-use assets

| | Leasehold properties £000 | Vehicles £000 | Total £000 |
|--|---------------------------------|------------------|---------------|
| Cost | | | |
| 31 January 2024 | 2,424 | 88 | 2,512 |
| Disposals | (2,424) | (62) | (2,486) |
| 31 January 2025 | – | 26 | 26 |
| Accumulated depreciation and impairment | | | |
| 31 January 2024 | 2,292 | 40 | 2,332 |
| Charge | – | 23 | 23 |
| Disposals | (2,292) | (46) | (2,338) |
| 31 January 2025 | – | 17 | 17 |
| Net book amount | | | |
| 31 January 2025 | – | 9 | 9 |
| 31 January 2024 | 132 | 48 | 180 |

Lease liabilities

| | Leasehold properties £000 | Vehicles £000 | Total £000 |
|------------------------|---------------------------------|------------------|---------------|
| Balance | | | |
| 31 January 2024 | 114 | 47 | 161 |
| Amounts paid | – | (24) | (24) |
| Disposals | (114) | (14) | (128) |
| 31 January 2025 | – | 9 | 9 |

| | 2025 £000 | 2024 £000 |
|--|--------------|--------------|
| Lease liabilities | | |
| Maturity analysis – contractual lease liabilities | | |
| Current | 9 | 131 |
| Non-current | – | 30 |
| Total lease liabilities | 9 | 161 |

Notes to the Company

Financial Statements continued

7. Investments

| Shares in subsidiary undertakings: | 2025 £000 | 2024 £000 |
|--------------------------------------|---------------|---------------|
| Cost | 80,441 | 80,441 |
| Provision for impairment | (20,500) | (20,500) |
| Net book amount at 31 January | 59,941 | 59,941 |

Sanderson Design Group PLC is registered and domiciled in the United Kingdom. It is the Parent Company of the Sanderson Design Group. The Company's subsidiary undertakings at 31 January 2025, all of which are wholly owned, were as follows:

| Shares in subsidiary undertakings: | Country of incorporation and place of business | Holding | Proportion of voting rights/shares held by the Company | Nature of business |
|--|--|-----------------|--|--------------------|
| Sanderson Design Group Brands Limited | UK | Ordinary shares | 100% | Trading |
| Globaltex 2015 Limited | UK | Ordinary shares | 100% | Inactive |
| Globaltex Limited* | UK | Ordinary shares | 100% | Inactive |
| Sanderson Design Group Inc* | US | Ordinary shares | 100% | Trading |
| Clarke & Clarke Inc* | US | Ordinary shares | 100% | Dormant |
| Sanderson Design Group Brands SARL* | France | Ordinary shares | 100% | Inactive |
| Sanderson Design Group Brands B.V.* | Netherlands | Ordinary shares | 100% | Sales support |
| Sanderson Design Group Brands GmbH | Germany | Ordinary shares | 100% | Sales support |
| Abaris Holdings Limited* | UK | Ordinary shares | 100% | Dormant |
| Abaris (Overseas) Holdings Limited* | UK | Ordinary shares | 100% | Dormant |
| Anstey Wallpaper Company Limited* | UK | Ordinary shares | 100% | Dormant |
| Anthology Fabrics and Wallcoverings Limited* | UK | Ordinary shares | 100% | Dormant |
| Arthur Sanderson & Sons Limited* | UK | Ordinary shares | 100% | Dormant |
| Barracks Fabric Printing Limited* | UK | Ordinary shares | 100% | Dormant |
| Harlequin Fabrics & Wallcoverings Limited* | UK | Ordinary shares | 100% | Dormant |
| Morris & Co. (Artworkers) Limited* | UK | Ordinary shares | 100% | Dormant |
| Sanderson of London Limited* | UK | Ordinary shares | 100% | Dormant |
| Scion Fabrics & Wallcoverings Limited* | UK | Ordinary shares | 100% | Dormant |
| Scion Living Limited* | UK | Ordinary shares | 100% | Dormant |
| Standfast Dyers and Printers Limited* | UK | Ordinary shares | 100% | Dormant |
| Walker Greenbank Distribution Limited* | UK | Ordinary shares | 100% | Dormant |
| Walker Greenbank Limited* | UK | Ordinary shares | 100% | Dormant |

| Shares in subsidiary undertakings: | Country of incorporation and place of business | Holding | Proportion of voting rights/shares held by the Company | Nature of business |
|---|--|-----------------|--|--------------------|
| William Morris Wallpapers Limited* | UK | Ordinary shares | 100% | Dormant |
| Zoffany Limited* | UK | Ordinary shares | 100% | Dormant |
| Sanderson Design Group Brands (Ireland) Limited* | Ireland | Ordinary shares | 100% | Dormant |

* Indicates that the shares are held by a subsidiary company.

Registered offices of the Company's related undertakings, all of which are wholly owned, are as follows:

| Name of subsidiary undertaking | Registered office |
|---|--|
| Sanderson Design Group Inc* | 800 Huyler Street, Teterboro, New Jersey, 07608, USA |
| Clarke & Clarke Inc* | 2416 Camino Oleada, San Clemente, California, 92673, USA |
| Sanderson Design Group Brands SARL* | 19 Rue de Mail, Paris, 75002, France |
| Sanderson Design Group Brands B.V.* | Postbus 372, 1970 AJ Ijmuiden, Netherlands |
| Sanderson Design Group Brands GmbH* | Wiesenhüttenstrasse 11, 60329 Frankfurt am Main, Germany |
| Sanderson Design Group Brands (Ireland) Limited* | 12 Merrion Square, Dublin 2, Dublin, DO2 H79, Ireland |
| All undertakings other than the ones listed above | Voysey House, Sandersons Lane, London, W4 4DS |

8. Other receivables

| Current | 2025 £000 | 2024 £000 |
|--|--------------|--------------|
| Other taxes and social security | 528 | 582 |
| Amount owing by subsidiary undertaking | – | 3,696 |
| Corporation tax receivable | 1,300 | – |
| Prepayments and other receivables | 220 | 450 |
| | 2,048 | 4,728 |

Amount owed by the subsidiary undertaking in the comparative period is non-interest bearing and is unsecured. This loan is payable by the subsidiary on demand should payment be required but has no fixed date of repayment.

9. Deferred income tax

A deferred tax asset of £487,000 (2024: £834,000) is recognised in respect of unutilised tax losses, future deductions for share-based payments and other temporary differences.

| | 2025 £000 | 2024 £000 |
|-------------------------------|--------------|--------------|
| Property, plant and equipment | 2 | 3 |
| Tax losses carried forward | – | 604 |
| Share-based payments | 94 | 227 |
| | 96 | 834 |

At 31 January 2025, the Company had gross unused UK tax losses of £3,984,000 (2024: £2,418,000) available for offset against future profits of which a deferred tax asset has been recognised for £1,566,000 of losses (2024: £2,418,000). The Company also had unutilised capital tax losses of £4,881,000 (2024: £4,881,000) for which no deferred tax asset has been recognised. The deferred tax asset on losses has been recognised to the extent that it is probable that the losses will be used within the foreseeable future.

10. Creditors: amounts falling due within one year

| | 2025 £000 | 2024 £000 |
|---|--------------|--------------|
| Trade creditors | 117 | 136 |
| Amounts owed to subsidiary undertakings | 454 | – |
| Accruals | 644 | 1,256 |
| | 1,215 | 1,392 |

11. Provision for other liabilities and charges

| | Property £000 | Total £000 |
|------------------------|------------------|---------------|
| 31 January 2023 | 650 | 650 |
| 31 January 2024 | 650 | 650 |
| Released | (650) | (650) |
| 31 January 2025 | – | – |

| | 2025 £000 | 2024 £000 |
|--------------|--------------|--------------|
| Current | – | 650 |
| Non-current | – | – |
| Total | – | 650 |

Property

Property-related provisions consist of estimated rectification costs arising from wear and tear that will fall due on exiting property leases.

12. Called up share capital

| Ordinary shares of 1p each: | Number of shares | £ |
|-----------------------------|-------------------|----------------|
| Called up and fully paid: | | |
| 31 January 2025 | 71,994,853 | 719,949 |
| 31 January 2024 | 71,706,224 | 717,062 |
| 31 January 2023 | 71,468,206 | 714,682 |

Sanderson Design Group PLC's issued ordinary share capital with voting rights consists of 71,994,853 (2024: 71,706,224) ordinary shares of which nil (2024: nil) ordinary shares are held in treasury and nil (2024: 1) ordinary share is held by the Walker Greenbank Plc EBT. Shares held in treasury or by the EBT are treated as cancelled when calculating EPS.

The market value of shares held by the EBT at 31 January 2025 was £nil (2024: £1). The total number of shares held in the EBT at the year end represented nil% (2024: less than 0.1%) of the issued shares.

Shares held by the EBT and the treasury shares are held for the purpose of satisfying awards under incentive plans to Executive Directors and senior management.

Long-Term Incentive Plans ('LTIPs') and Restricted Share Plans ('RSPs')

The Group operates LTIPs and RSPs share-based award schemes. There have been 17 awards under this plan, in which Executive Directors and senior management of the Group participate. Further details are included in the note to the consolidated financial statements of the Group, which are separately included within the Annual Report and Accounts.

Notes to the Company

Financial Statements continued

13. Capital redemption reserve

The capital redemption reserve represents:

£

Capital redemption reserve on capital restructurings

| | |
|---------------------------|---------------|
| At 31 January 2025 | 41,888 |
| At 31 January 2024 | 41,888 |
| At 31 January 2023 | 41,888 |

14. Dividends

During the year to 31 January 2025, the Company paid a final dividend of 2.75p (£1,974,000) on 9 August 2024 and an interim dividend of 0.50p (£359,000) on 9 November 2024.

A final dividend of 1.00p is now proposed taking the full year dividend to 1.50p. This payment will be made on 8 August 2025 to the shareholders registered on the Company's register on 11 July 2025 if approved at the Company's forthcoming Annual General Meeting. The Board remains committed to returning to a progressive dividend policy when trading conditions improve.

15. Contingent liability

The Company is party to a cross-guarantee relating to the borrowings of its subsidiary undertakings in the UK under funding arrangements and a guarantee in place to His Majesty's Revenue & Customs ('HMRC') of £900,000 (2024: £900,000) with Barclays Bank Plc as part of a £1,000,000 (2024: £1,000,000) bonds, guarantees and standing letter of credit facility.

Glossary

The Group monitors several alternative performance measures ('APMs') in managing its business, which are not defined or specified under the requirements of IFRS because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS or are calculated using financial measures that are not calculated in accordance with IFRS.

The Group believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information on the performance of the business. These APMs are consistent with how the business performance is planned and reported within the internal management reporting to the Board. Some of these APMs are also used for the purpose of setting remuneration targets.

These APMs should be viewed as supplemental to, but not as a substitute for, measures presented in the consolidated financial information relating to the Group, which are prepared in accordance with IFRS. The Group believes that these APMs are useful indicators of its performance. The Group may have some APMs bearing the same names as reported by other companies but they may not be comparable due to differences in the way they are calculated.

| APM | Closest equivalent statutory measure | Reconciling items to statutory measure | Definition and purpose |
|--|--------------------------------------|--|--|
| Income Statement measures | | | |
| Revenue growth at constant currency | None | Not applicable | The Group reports some financial measures, primarily international sales and licensing income, on both a reported and constant currency basis. The constant currency basis retranslates the previous year revenues at the average actual periodic exchange rates used in the current financial year. This measure is presented as a means of eliminating the effects of exchange rate fluctuations on the year-on-year reported results. |
| Underlying profit from operations | Profit from operations | Adjusting items (see note 12) | Profit from operations before the impact of non-underlying adjusting items. |
| Adjusted underlying profit before tax | Profit before tax | Adjusting items (see note 12) | Profit before the impact of non-underlying adjusting items and tax. The Group considers this to be an important measure of Group performance and is consistent with how the business performance is reported and assessed by the Board. This is a measure used within the Group's incentive plans – see the Remuneration Report. |

| APM | Closest equivalent statutory measure | Reconciling items to statutory measure | Definition and purpose |
|---|--------------------------------------|--|--|
| Adjusted underlying basic earnings per share | Earnings per share | Adjusting items (see note 12) | Profit after tax attributable to owners of the parent and before the impact of non-underlying adjusting items, divided by the weighted average number of ordinary shares in issue during the financial year. This is a measure used within the Group's incentive plans – see the Remuneration Report. |
| Adjusted underlying diluted earnings per share | Diluted earnings per share | Adjusting items (see note 12) | Profit after tax attributable to owners of the parent and before the impact of non-underlying adjusting items, divided by the weighted average number of ordinary shares in issue during the financial year adjusted for the effects of any potentially dilutive options. |
| EBITDA* | Reported EBITDA* | Not applicable | Calculated as profit before the impact of adjusting items, net finance costs, tax, depreciation and amortisation as disclosed on the face of the consolidated Income Statement. This measure is used in calculating the return on capital employed for the Group. |
| Balance Sheet measure | | | |
| Net cash | None | Analysis of net funds (see note 25) | Calculated as year end cash and cash equivalents less borrowings. This measure is a good indication of the strength of the Group's Balance Sheet position and is widely used by credit rating agencies. |
| Cash flow measures | | | |
| Free cash flow | None | Analysis of net funds (see note 25) | The cash generated from the Group's operating activities less capital expenditure, cash lease payments and interest but excluding dividends paid. This is a measure of cash retained by the Group. |

* EBITDA is not defined within IFRS but is a widely accepted profit measure being earnings before interest, tax, depreciation and amortisation.

Five-Year Record

| | 2021 | 2022 | 2023 | 2024 | 2025 |
|--|------|-------|-------|-------|----------------|
| Revenue (£m) | 93.8 | 112.2 | 112.0 | 108.6 | 100.4 |
| Adjusted underlying profit before tax (£m) | 7.0 | 12.5 | 12.6 | 12.2 | 4.4 |
| Adjusted underlying profit before tax (%) | 7.5% | 11.1% | 11.3% | 11.2% | 4.4% |
| Adjusted EPS (p) | 7.89 | 13.75 | 14.18 | 13.74 | 3.92 |
| Profit/(loss) before tax (£m) | 4.9 | 10.4 | 10.9 | 10.4 | (13.9) |
| Profit/(loss) before tax (%) | 5.2% | 9.2% | 9.7% | 9.6% | (13.8)% |
| Profit/(loss) after tax (£m) | 3.8 | 7.8 | 8.8 | 8.2 | (15.2) |
| Basic EPS (p) | 5.39 | 10.93 | 12.42 | 11.46 | (21.22) |
| EBITDA (£m) | 12.6 | 16.8 | 17.0 | 15.2 | 7.4 |
| Free cash flow | 14.0 | 4.5 | (1.1) | 3.6 | (8.3) |
| Net cash (£m) | 15.1 | 19.1 | 15.4 | 16.3 | 5.8 |
| Inventory (£m) | 19.6 | 22.7 | 27.8 | 26.7 | 27.2 |
| Capital expenditure (£m) | 1.0 | 2.1 | 4.8 | 3.3 | 4.1 |
| Average number of employees | 619 | 613 | 633 | 631 | 580 |
| Dividends paid in year (£m) | – | 0.5 | 2.5 | 2.5 | 2.3 |
| Shareholders' funds (£m) | 66.8 | 79.7 | 81.3 | 86.5 | 68.7 |
| Dividend per share | | | | | |
| – Final (prior year end) – paid | – | – | – | – | – |
| – Interim (current year end) – paid | – | 0.75p | 0.75p | 0.75p | 0.50p |
| – Final (current year end) – proposed | – | 2.75p | 2.75p | 2.75p | 1.00p |

Shareholder Information

| | |
|-----------------------------------|--------------|
| Financial calendar | |
| Annual General Meeting | 25 June 2025 |
| Announcement of half-year results | October 2025 |

Sanderson Design Group

Voysey House
Sandersons Lane
London, W4 4DS
T: 0845 126 5582
www.sandersondesign.group

Nominated Adviser

Investec Bank plc
30 Gresham Street
London
EC2V 7QP

Joint Corporate Brokers

Investec Bank plc
30 Gresham Street
London
EC2V 7QP

Singer Capital Markets
One Bartholomew Lane
London
EC2N 2AX

Registrar

MUFG Corporate Markets
51 Lime Street
London
EC3M 7DQ

Company Secretary

Indigo Corporate Secretary
Vincent Court, Ground Floor
853-855 London Road
Westcliff on Sea
Essex
SS0 9SZ

Auditor

BDO LLP
2 Snowhill
Birmingham
B4 6GA

Legal Advisers

DLA Piper UK LLP
160 Aldersgate Street
London
EC1A 4HT

Bankers

Barclays Bank Plc
The Pinnacle
Midsummer Boulevard
Milton Keynes
MK9 1BP

Financial PR

Burson Buchanan
107 Cheapside
London
EC2V 6DN

Remuneration Advisers

Deloitte LLP
2 New Street Square
London
EC4A 3BZ

