

Live Beautiful

Sanderson Design Group
Annual Report & Accounts 2026







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

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

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Strategic Report

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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.

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 around 500 people globally across our brands and manufacturing businesses, with the majority based in the UK.



FY2026 Highlights

Revenue

£99.5m

2025: £100.4m (-1.0%)

Adjusted underlying Earnings Per Share*

5.39p

2025: 3.92p (+37.5%)

Adjusted underlying profit before tax*

£5.3m

2025: £4.4m (+22.2%)

Net cash**

£9.8m

2025: £5.8m (+68.7%)

Basic earnings/(loss) per share

2.98p

2025: (21.22)p (+114.0%)

Statutory profit/(loss) before tax

£3.1m

2025: £(13.9)m (+122.6%)

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

** Net cash is defined as cash and cash equivalents less borrowings. For the purpose of this definition, borrowings does not include lease liabilities.



Financial highlights

- Revenue of £99.5m (FY2025: £100.4m) including robust underlying performance from licensing, an improved performance from manufacturing and growth in North America
- Licensing sales of £10.5m (FY2025: £11.0m) with strong growth in underlying licensing revenue, up 36% at £9.0m (FY2025: £6.6m)
- Third-party manufacturing sales up 5% to £19.0m (FY2025: £18.1m) and manufacturing returned to profitability (excluding exceptional items) in the full year
- Brand revenue stable at £70m (FY25: £71.3m) with a strong performance from North America in line with strategy
- Total annualised cost savings achieved in the year of £2.5m, including £1.5m in manufacturing and £1.0m in head office costs
- Adjusted underlying profit before tax up 22.2% at £5.3m (FY2025: £4.4m). Reported profit before tax of £3.1m (FY2025: loss of £13.9m)
- Liquidity and headroom of £19.8m (FY2025: £15.8m) with cash position of £9.8m (FY2025: £5.8m) and undrawn banking facilities of £10.0m (FY2025: £10.0m)
- Proposed final dividend of 1.00p per share (FY2025: 1.00p) to give a total dividend for the year of 1.50p (FY2025: 1.50p)

Operational highlights

- Increased digital presence and replatformed the Trade Hub; launch of direct-to-consumer websites for all of the Group's brands
- Key product launches including Highgrove by Sanderson in May 2025 and the Morris & Co. x Huntington in September 2025
- The Highgrove by Sanderson collection donates a percentage of sales to The King's Foundation, the global charity preserving the built and natural environment and heritage crafts
- Continued momentum in licensing with the signing of new agreements and renewals, including Ruggable
- Continued growth in North America where brand product sales have grown significantly to over £22m in FY2026
- Manufacturing transformed through reorganisation across both factories, returning to profitability and with a revitalised, more agile team

Sustainability highlights

- Planet Mark certification for Year 8 of carbon reduction, reflecting Live Beautiful sustainability pledge
- Reduced carbon footprint by a further 6.5% in location-based CO₂ equivalent emissions over the past year
- FSC™ certified, which ensures that the majority of our wallpapers are printed on responsibly sourced paper
- Entered into a partnership with Verisio, an ESG and supply chain risk management business



Chairman's Statement



I am pleased to report strong progress with our strategic initiatives.

Dianne Thompson
Non-executive Chairman



For the year ended 31 January 2026, I am pleased to report strong progress against the strategic initiatives outlined in my Chairman's Statement last year which prioritised digitalisation across the business, North America as the key growth territory and improving the efficiency of our manufacturing through the Future Factory initiative.

Through focused management actions during the year, we are pleased to have returned the manufacturing operations to profitability (excluding exceptional items). We now have a smaller, more agile and multi-skilled manufacturing workforce focused on a digital-first printing strategy. The third-party order book is much improved, and we enter the new financial year with momentum in our manufacturing operations with US third-party orders having grown significantly.

Initially we had a two-year digitalisation project to deliver new transactional websites for all of our brands. This was accelerated into one year and we now have direct-to-consumer ('DTC') websites for our brands. DTC sales, which represent a new sales channel within brand product sales, were up very strongly in the year from £0.4m in FY2025 to £1.8m in FY2026.

The targeted growth market of North America performed well in the year, with underlying brand product sales up 5% in reported currency and up 9% in constant currency. US sales were impacted in the first half of the financial year by uncertainty around the US tariff regime, but they recovered strongly in the second half.

Our North American business has grown strongly in the past few years, to over £22m of revenue in FY2026. We expect to continue this growth trajectory in North America, where our brands are widely recognised as being under indexed in the world's largest market for textiles and wallpapers.

Trading conditions in the UK remained subdued during the financial year although brand product sales at our top 10 UK customers were broadly flat on the prior year, suggesting that the decline in brand product sales of -9% is largely attributable to independent retailers.

Our strategy in the UK is to focus on building strong relationships with interior designers, who often serve international markets in addition to high-end domestic and the hospitality sector.

Total licensing revenue in the financial year was robust at £10.5 million (FY2025: £11.0m) with underlying revenue, which excludes the impact of the IFRS 15 accounting standard, up 36% at £9.0 million (FY2025: £6.6m). This strong growth in underlying performance, which contributes to the Group's cash generation, reflects the receipt of minimum guaranteed amounts from licensing agreements signed in previous years and revenue above those minimum guarantees.

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.

During the year, we have continued to advance our Live Beautiful sustainability strategy. In the year to 31 January 2026, our total carbon footprint was 4,894 tonnes, a decrease on FY2025's 5,404 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 2026 was £99.5m (FY2025: £100.4m) and Adjusted underlying profit before tax at £5.3m was up 22% on the prior year (FY2025: £4.4m). This strong growth in profitability reflects the Board's continued focus on strategic cost-saving initiatives.

The reported profit before tax was £3.1m (FY2025: loss of £13.9m).

The Group's balance sheet strengthened further at the year end with net cash of £9.8m compared with £5.8m at 31 January 2025 and £7.8m at 31 July 2025. The strong year end cash position reflects planned inventory reductions, working capital management and controlled capital expenditure.

Dividend and capital allocation

The Directors recommend a final dividend of 1.00p (FY2025: 1.00p) taking the full year dividend to 1.50p (FY2025: 1.50p). Payment of the final dividend, if approved at the Company's forthcoming Annual General Meeting, will be made on 7 August 2026 to shareholders on the Company's register at 10 July 2026, with an ex-dividend date of 9 July 2026.

As part of our review of capital allocation, given that the book value per share is significantly higher than the current market price, the Board has determined at this time to maintain the dividend, and fund the purchase of shares by our EBT to satisfy the future vesting of share schemes.

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.

Outlook

The Board continues to monitor the external macro-environment with geopolitical volatility presenting a challenging backdrop for the financial year ahead. Against this, the Group entered FY2027 with good momentum which has been maintained and current trading is in line with full year expectations.

Group revenue in the new financial year to date is showing year-on-year growth, with similar trends to that seen in the second half of FY2026; and the strategic progress achieved in recent years means the Group is better positioned to withstand external events, aided by a lower cost base that will continue to provide annualised benefits in FY2027.

Furthermore, our investment in digital platforms is broadening the customer base by attracting digitally astute audiences, representing an important structural development and one which we expect to contribute increasingly to the Group's performance in the years ahead.

Our manufacturing operations have been transformed in line with our digital-first printing strategy, and the pipeline for third-party orders is strong.

Recent product launches such as Highgrove by Sanderson and Morris & Co. x The Huntington Collection continue to resonate strongly with trade and consumer audiences alike, and we are excited about the impending global launch of the Zoffany x Michael S Smith Indoor Outdoor Fabrics collection which has been received well in our pre-launch marketing. These collections powerfully demonstrate the Group's unrivalled design heritage and creative ability to develop compelling new product narratives that attract high profile partners and excite both existing customers and new audiences.

We are proud to export our heritage, via products and designs, to clients in all corners of the globe. Our primary growth efforts are focused on North America, which remains our fastest growing and most profitable territory where the opportunity is considerable. We are monitoring trade flows in the Middle East region (less than 1% of Group revenue in FY2026), but do not expect any material impact, should conditions persist, given its small contribution.

The underlying performance within licensing in FY2027 to date continues to be encouraging reflecting the quality and breadth of the Group's licensing partner base and the continued appeal of our brands and design archive as a platform for new and renewed agreements.

The Board retains full confidence in the Group's strategy, the strength of its brands, archive and balance sheet. The Board is confident in the management team's agility and its ability to respond effectively to external factors. The Board looks forward to continued progress in FY2027 and beyond.

Dianne Thompson

Non-executive Chairman
28 April 2026



Chief Executive Officer's Strategy and Operating Review



We have advanced our growth strategy by focusing on digitalisation, North America and Future Factory.

Lisa Montague
Chief Executive Officer



Introduction

The results for the year ended 31 January 2026 reflect focused management actions which have resulted in a substantial increase in profitability on slightly reduced turnover owing to further targeted initiatives, and a strong improvement in net cash to £9.8m at year end. During the year, we completed a cost-saving programme across the business yielding total annualised savings of approximately £2.5m, comprising a reduction in central overheads of approximately £1.0m, and a reduction in manufacturing costs of £1.5m.

During the past three years, we have reduced the Group's annualised costs by approximately £4.8m, mainly through headcount reduction, creating a much more efficient business. Moving forwards, we will continue to exercise careful cost control and remain alert to any further potential cost savings.

At the same time, we have advanced our growth strategy by focusing on the three core areas highlighted in last year's full year results statement: Future Factory to transform the efficiency of our manufacturing operations and leverage the benefit of verticality; digitalisation across the business; North America as a key growth opportunity. We made strong progress in all these areas, including the return of our manufacturing operations to profitability.

Future Factory

The factory restructuring mentioned above has reduced costs and increased efficiency. The result is a re-energised, cross-skilled and flexible workforce able to respond to market demand, motivated to take opportunities, balancing craft and skill with the efficiency benefits of digital technology.

Digital now accounts for 63% of our printing output (FY2025: 54%) and we expect the percentage to increase further as wallpaper printing technology continues to advance.

Third-party manufacturing order books improved during the year, with a better mix of new collections and repeat orders compared with the prior year. US tariffs disrupted global trade in the first half of our financial year but, whilst the tariff regime continues to be unpredictable, our current US manufacturing order book is up substantially on the same time last year.

The combination of cost-saving initiatives and improved third-party orders resulted in our factories returning to profitability (excluding exceptional items) in the full year, a significant milestone for our manufacturing operations team and in line with our plan.

There was no significant capital expenditure in manufacturing during the financial year but we will continue to invest in manufacturing in line with demand and to maintain competitive advantage.

One trend that we are beginning to see from third-party customers is an emerging demand for matching wallpaper and fabric, which we are particularly well placed to deliver because the design software and hardware at our two factories are the same, enabling us to print the same design highly efficiently on both media. We believe that we are the only business in our sector to have this capability.

Digitalisation

Improving our digital presence has been a key priority. During the past year, we have replatformed our Trade Hub, which includes all of the Group's brands and gives much better visual tools, product sampling and order management for our trade customers, with excellent feedback from users.

We also now have direct-to-consumer ('DTC') sites for all our brands. Following a DTC pilot in 2021 with our predominantly licensing brand Scion, we launched a DTC site for Morris & Co. in September 2024 in the UK and March 2025 in the US. Since September 2025, DTC sites have been launched simultaneously in the UK and USA for Sanderson, Harlequin, Clarke & Clarke and, most recently, Zoffany.

DTC sales in the year ended 31 January 2026, which owing to the timing of the DTC site launches are primarily from Morris & Co., were £1.8 million, up from £0.4 million in the prior year, with most growth coming from the US and from new, digital native customers.

Whilst we welcome DTC sales, the Group is not repositioning itself as an online retailer. The real strength of the digital presence is to ensure that our products and marketing collateral are widely available so that consumers, customers and designers can engage with our brands 24/7 anywhere in the world and to drive that engagement into our network of distributors, agents and showrooms or as a direct purchase.

In January 2026, we appointed Charlotte O'Sullivan as Group Digital & Innovation Director to further develop the Company's DTC business and lead the broader digitalisation of the Company. Charlotte's role includes boosting how we engage with our audiences globally from a commercial and marketing perspective, amplifying our brand and product stories consistently across all our channels, be it trade, consumer or social, and embedding the Group's online collateral in the design community as a trusted resource, developing ambitious future strategic opportunities.

North America

Brand sales in North America at the beginning of the financial year started strongly with double-digit growth but the run-up to and introduction of the tariff regime quickly followed, which impacted first half sales. North America sales recovered and returned to strong growth in the second half.

To mitigate the impact of tariffs, we introduced surcharges on US invoices. To provide a better insight into sales growth, we are providing an underlying sales growth figure, which excludes the surcharges. On an underlying basis, sales growth in constant currency was up 4% in the first half and up 12% in the second half compared with the corresponding periods in the prior year.

For the financial year, brand product sales in North America including surcharges were up 6% in reported currency and up 10% in constant currency.

As highlighted in the Chairman's Statement, our North American business has grown strongly in the past few years, to over £22m of revenue in FY2026. Licensing is also an important growth driver in the US, where we have attracted high-quality licensing partners, such as Ruggable and Williams Sonoma, and formed the important collaboration with the Huntington Library, Art Museum, and Botanical Gardens ('Huntington').

North America is now our most profitable territory, and it continues to be our key growth market as our brands remain under-indexed compared with our peer group.

Scott Christopher Hans joined the Group in November 2024 as Senior Vice President of Sales to lead business development in North America. Following his success in the role, he was appointed President of the North American business in February 2026 to further drive sales growth.

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 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 create designs and products that combine the best of digital with the authenticity of craft.

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 Rest of the World, while we support our UK base. Our approach is tailored to each individual region.

Chief Executive Officer's Strategy and Operating Review continued

Operational review

The table below shows the Group's sales performance in FY2026, compared with FY2025. The table shows our three key revenue streams of brand product sales, licensing income and manufacturing. It also gives the four territories of our brand product sales: the UK, Northern Europe, North America and Rest of the World.

	Year to 31 January (£m)		% Change FY2026 v FY2025	
	2026	2025	Reported	Constant Currency
Brands				
UK	29.9	32.8	(9)%	(9)%
North America	22.3	21.0	6%	10%
North America (underlying)*			5%	9%
Northern Europe	9.4	9.1	3%	1%
Rest of the World	8.4	8.4	0%	0%
Total Brand product revenue	70.0	71.3	(2)%	(1)%
Manufacturing				
External	19.0	18.1	5%	5%
Internal (eliminated on consolidation)	10.7	13.6	(21)%	(21)%
Total Manufacturing revenue	29.7	31.7	(6)%	(6)%
Total Licensing revenue	10.5	11.0	(5)%	(5)%
TOTAL GROUP REVENUE	99.5	100.4	(1)%	0%

* North America (underlying) excludes surcharges added to US sales to mitigate additional costs resulting from the introduction of tariffs.

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 brand product sales of each brand.

	Year ended 31 January (£m)		2026 versus 2025	
	2026	2025	Reported	Constant currency
Brands				
Morris & Co.	18.5	18.0	3.0%	3.4%
Sanderson	13.7	13.5	1.4%	2.1%
Zoffany	6.7	6.7	(0.7)%	0.2%
Clarke & Clarke	18.3	19.7	(7.4)%	(7.1)%
Harlequin	12.1	12.2	(1.2)%	(0.3)%
Scion	0.7	1.1	(33.7)%	(33.6)%
Other	0.0	0.1	(24.0)%	(24.0)%
Total	70.0	71.3	(3.5)%	(2.9)%

THE ORIGINAL
MORRIS & Co

FOUNDED BY WILLIAM MORRIS IN 1861

The Morris & Co. brand continues to be our only brand where sales in North America exceed those in the UK. In constant currency, North American sales during the year were up 14% and up 9% in Northern Europe, driven by Scandinavia, whilst UK sales were down 11% and the Rest of the World down 6%.

The new body of work developed in collaboration with the Huntington in California, launched in September 2025 to critical acclaim. The collection comprises 26 original but unfinished Morris & Co. designs, which have rarely been seen and never before produced into completed designs. The collaboration with the Huntington is a major new multi-year opportunity for the Morris & Co. brand, bringing a completely new body of work to Arts & Crafts enthusiasts.

SANDERSON

The Sanderson brand, which has been a strategic focus for the Group in the past three years, had a positive year driven by the launch in April 2025 of the Highgrove by Sanderson collection, which celebrates the series of gardens at Highgrove House and donates a percentage of sales to The King's Foundation, the global charity preserving the built and natural environment and heritage crafts.

The Sanderson brand's sales in constant currency were up 12% in North America and, whilst down 7% in the UK, were up 4% in Northern Europe and up 3% in the Rest of the World.

ZOFFANY

The Zoffany brand's recent launches, the Indienne Collection and the Rare Textiles Collection, have helped drive sales of the brand which were up 9% in North America in constant currency. The brand's sales, which are focused on high-end projects and hospitality, are now almost as much in North America as they are in the UK, where sales were down 7%.

CLARKE & CLARKE

Clarke & Clarke is predominantly a UK brand and its sales were down 11% during the year. In North America, where it is distributed by Kravet, its sales were down 1% in constant currency but we remain confident in the potential of the brand, including in contract applications.

HARLEQUIN

North American sales of the Harlequin brand were up 6% in constant currency, reflecting continued traction from the Harlequin collaboration with Henry Holland, the products from which launched in September 2024. Whilst Harlequin sales in constant currency were up 9% in Northern Europe and up 2% in the Rest of the World, they were down 9% in the UK.

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.

As discussed above, cost savings of £1.5m were realised during the year, helping the manufacturing operations to return to profitability (excluding exceptional items) at the full year.

The table below details the Group's internal and external manufacturing sales for the year ended 31 January 2026.

	Year ended 31 January (£m)		2026 versus 2025
	2026	2025	Reported
Sales to Group brands	10.7	13.6	(21)%
Third-party sales	19.0	18.1	5%
Total Manufacturing sales	29.7	31.7	(6)%

A planned inventory reduction at the Group led to a fall in internal sales. Third-party sales performed strongly in the second half of the year and third-party order books are benefitting from continued momentum at the start of the new financial year.

Total sales at Standfast & Barracks in the year were £16.4m (FY2025: £16.9m), with total sales at Anstey of £13.3m (FY2025: £14.8m). Overall, digital printing as a proportion of both factories output was 63% (FY2025: 54%).

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, leveraging strong creative skills in scaling and colouring designs so they can be transferred successfully to a multitude of different licensed products.

Licensing had a robust year, with revenues of £10.5m (FY2025: £11.0m). Underlying revenue, which excludes the impact of the IFRS 15 accounting standard, was up 36% at £9.0 million (FY2025: £6.6m). This strong growth, which contributes to the Group's cash generation, reflects the receipt of minimum guaranteed amounts from licensing agreements signed in previous years and revenue above those minimum guarantees.

Accelerated income under IFRS 15 was £6.1 million in the year (FY2025: £7.3m). 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.

Licence renewals and extensions signed during the year with significant accelerated income include Ruggable, which has broadened its product range and included the Morris & Co. Huntington designs, and Sangetsu, which has extended the Morris Chronicles agreement for a further five-year period.

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

Summary

We retain a high degree of confidence in our brands, products, people and strategy, and concluded the year with good trading momentum. Proactive management actions delivered meaningful improvements: the cost base has materially reduced over the last three years which, alongside strategic progress, provides us with the agility and ability to better adapt to market conditions as they evolve.

During the year, we advanced our strategic priorities at pace. Our manufacturing facilities have been efficiently transformed with a more flexible and cross-skilled workforce better suited to executing our digital-first printing strategy, balanced with the highly skilled traditional techniques. That our manufacturing operations have returned to profitability is a particularly pleasing milestone. We are proud of the critical acclaim that greeted the September launch of The Huntington's collaboration with Morris & Co. and of digitalisation initiatives, such as the successful launch of direct-to-consumer sites across all our brands. We have proud British heritage and legacy that is recognised and highly desirable and around the world, including the North American market which grew strongly in the year and where the opportunity is significant. North America has become our most profitable territory and remains our priority growth area.

Underpinning these achievements is our enduring commitment to design, creativity and collaboration in bringing outstanding products and designs to market. There is much to be done next year and beyond, and we look forward to delivering further progress that drives profitable growth.

Lisa Montague

Chief Executive Officer

28 April 2026



Our Business Model

Rich heritage and wealth of printing knowledge.

One of the biggest fabric and wallpaper archives in the world

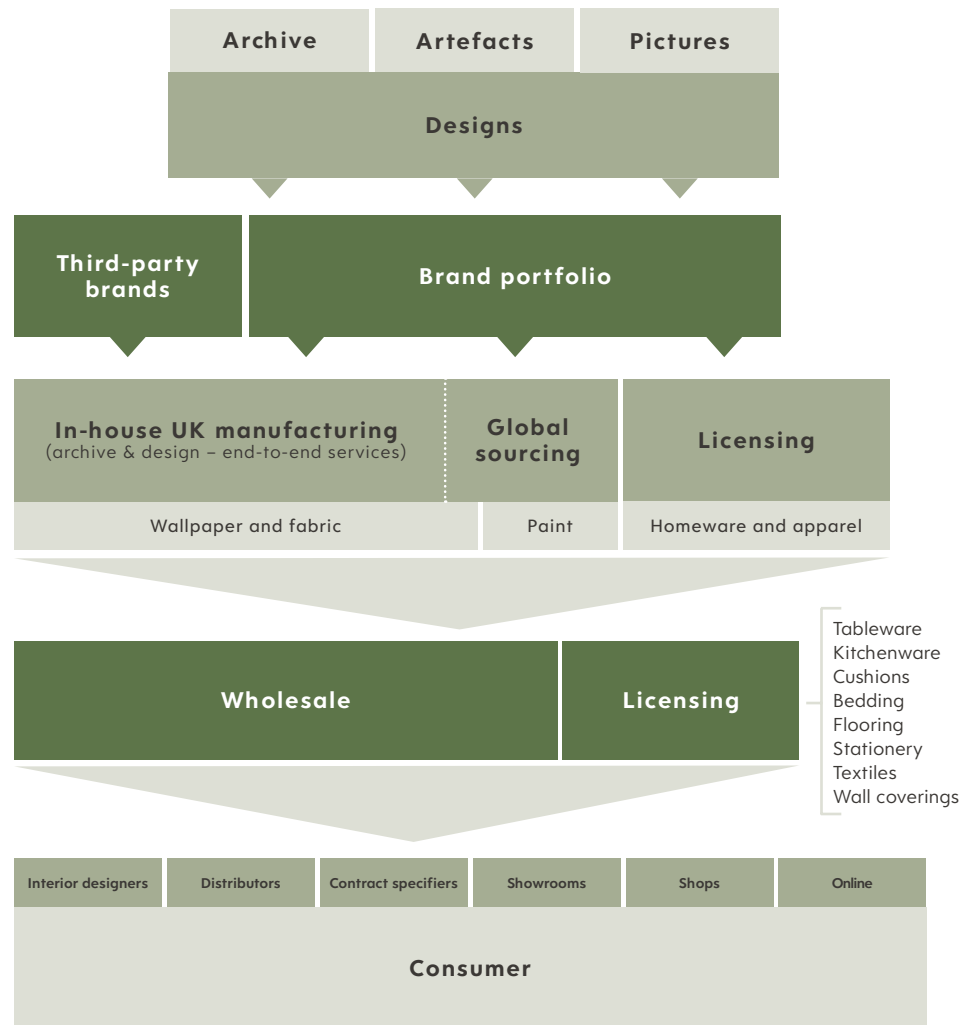
With an archive, of many thousands of artefacts, going back to the 18th century, our archives have grown over the years as we have incorporated more brands into the Group. We are continually embellishing our Group archives with new treasures sourced globally. Our archive has been fully digitised and the 75,000 documents have 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.



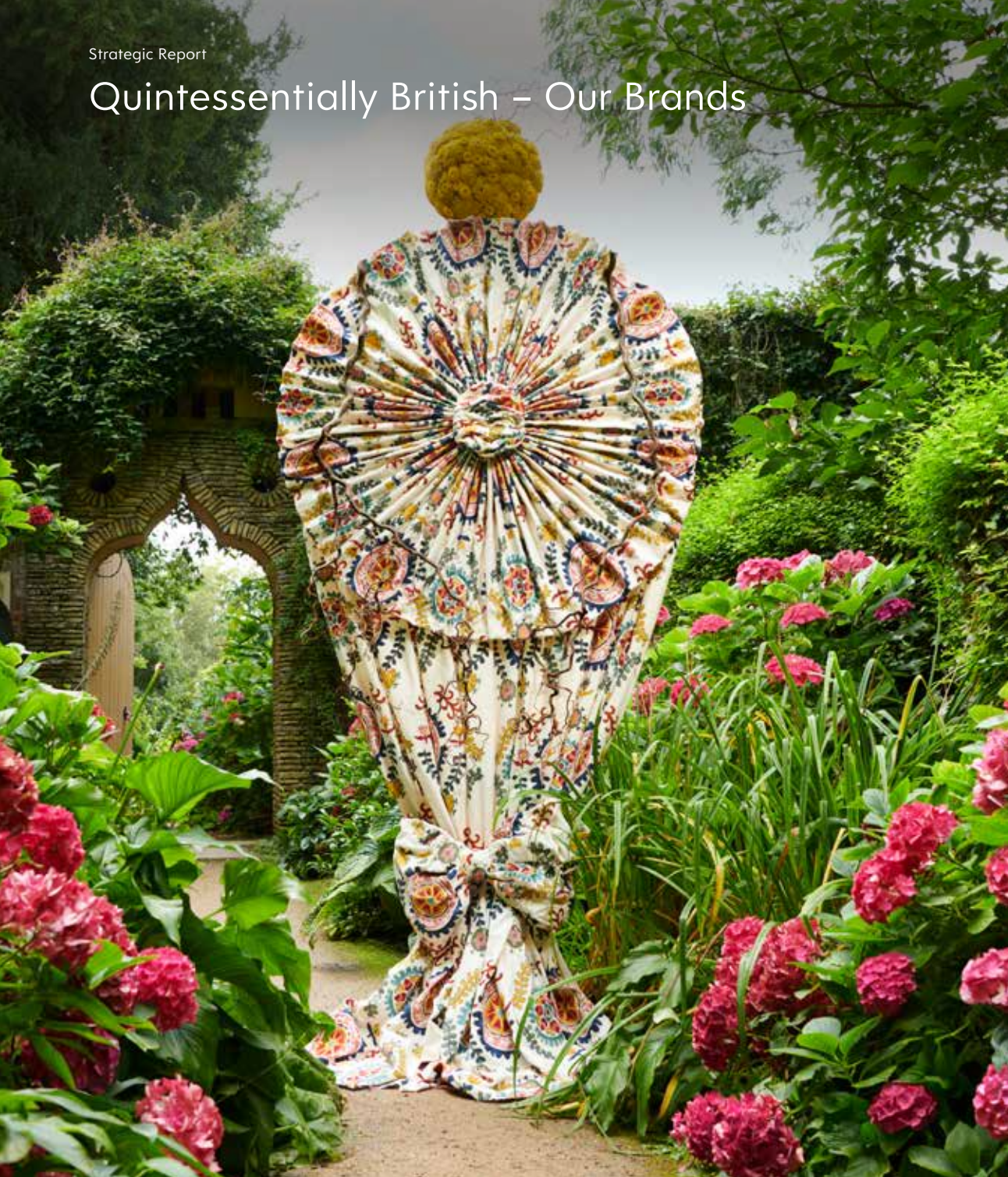
Preserving craftsmanship for generations to come with two UK manufacturing sites

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. We also now have direct-to-consumer ('DTC') sites for all our brands.

Quintessentially British – Our Brands



Elevating our brands and creating consumer demand.

Driving Brand Engagement

ZOFFANY

THE ORIGINAL
MORRIS & CO
FOUNDED BY WILLIAM MORRIS IN 1861

SANDERSON

HARLEQUIN

CLARKE & CLARKE

scion

- 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 designs and produces a wide range of high-quality wallcoverings, woven, printed, and embroidered fabrics, and richly pigmented paints.

Artfully crafting masterpieces for future generations.

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

Today, Zoffany partners with the world's finest artisans and craftspeople to produce collections that exceed expectations with their luxurious, globally attuned sensibility. Treasured archive documents, repurposed and given a new lease of life, sit alongside beautiful original pieces by new artists, all crafted on incredible, elevated substrates. A paint range completes the portfolio, ensuring Zoffany remains the leading destination for exemplary design.



For more info visit:
zoffany.design



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 19th century.

The original company, founded by William Morris in 1861.

Morris & Co. was founded by William Morris in 1861. Under his direction, the company grew into a flourishing Arts & Crafts decorating business renowned for wallpapers and textiles.

Today, Morris & Co. continues to build on that proud legacy with inventive reimaginings of its design classics, upholding the impeccable standard of craftsmanship that has defined the brand since its inception.

Spanning wallpaper, fabric, paint, and licensed products, designs are guided by the creative intuition of William Morris, and inspired by artworks safely stored in the Morris & Co. archive. This precious collection houses historical logbooks, wallpaper samples, printed and woven textiles, and original wooden printing blocks.



For more info visit:
www.wmorrisandco.com

Our Heritage Brands continued



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 Royal Residences.

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

From importing wallpapers to establishing its own printing works, Sanderson's illustrious history cements it as the founding brand of Sanderson Design Group. A pioneer in both design and acquisitions – including the procurement of Morris & Co. in 1940 – Sanderson has paved the way for a future that continues to push the boundaries of heritage design.

Its treasured archive houses an extraordinary collection of fabrics, wallpapers, and printing blocks dating back to the 19th century, encapsulating the brand's remarkable legacy and serving as a source of inspiration for its design studio today.

Celebrated for its exceptional quality, timeless appeal, and quintessentially English aesthetic, Sanderson offers beautifully crafted fabrics, trimmings, wallcoverings and paint. Layered in nostalgia, the brand continuously looks back to move forward with designs that captivate a discerning global audience.



For more info visit:
[sanderson.design](https://www.sanderson.design)

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 versatile, sophisticated, and expressive fabric and wallpaper. Designs are inspired by global travel, and natural and architectural worlds.

Expressing individuality through colour and design.

Founded in the 1960s, Harlequin stands apart for its diverse portfolio of techniques, artistic styles, and textures – culminating in a library of beautiful, transitional designs. With a refined approach to colour curation, the Harlequin studio considers every shade and tone, hand-drawing and painting each artwork before transforming it into highly textured fabrics and luxurious wallpapers that ignite the senses. Creativity is complemented by research: a specially commissioned white paper by Professor Stephen Westland and Soojin Lee explores the transformative power of colour and its role in self-expression.

At the heart of Harlequin lies a dedication to design excellence. Every piece reflects exceptional quality, delivering a luxury finish that brings confidence and individuality to interiors.

With its versatile palette, distinctive techniques, and expressive craftsmanship, Harlequin's designs infuse spaces with energy while building a forward-looking archive. The brand champions individuality, bringing originality, beauty, and a bold sense of self to the design table.



For more info visit:
[harlequin.design](https://www.harlequin.design)

Our Contemporary Brands continued



CLARKE & CLARKE

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

Polished designs that embody the best of British eclecticism.

Born from a passion for creating beautiful, expressive homes, Clarke & Clarke's spirit and British flair deliver an inclusive sense of glamour for the style-conscious. With a focus on luxurious textures and bold colour pairings, the brand's aesthetic ranges from whimsical to glamorous, and maximalist to sleek – capturing the essence of modern British eclecticism. Fresh palettes, eye-catching designs, and tactile finishes come together to offer endless possibilities for contemporary living.

Every design is created in-house to the highest standards, ensuring versatility across interior schemes and supporting the vision behind every designer's mood board. The collections span pared-back essentials to performance fabrics, crafted to sit beautifully in both residential and hospitality settings.



For more info visit:
clarkeandclarke.design



scion

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

Playful British designs that bring joy to the everyday.

From iconic characters and bold geometrics to oversized motifs and design stories with modernist flair, the talented Scion studio brings a rich archive of patterns to the modern drawing board – always guided by wit and whimsy.

Collections full of personality, confidence, and charm have made Scion instantly recognisable as the bold brand of British pattern, appealing to customers who embrace a little daring while staying firmly design-led. This resolutely British aesthetic comes to life through a fresh colour palette, uplifting patterns, and mid-century influences, creating a contemporary brand that brings joy, energy, and comfort to modern interiors.



For more info visit:
scionliving.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.

Licensing revenues were at £10.5m for FY2026 (FY2025: £11.0m), including £6.1m of accelerated income (FY2025: £7.3m) 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. 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 60 licensing deals signed during the year, 18 of these were renewals and extensions, demonstrating the traction that the Group's brands have with licensees.

Licence renewals and extensions signed during the second half of the year with significant accelerated income include Ruggable, which has broadened its product range and included the Morris & Co. Huntington designs, and Sangetsu, which has extended the Morris Chronicles agreement for a further five-year period.

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.

Images:
John Lewis x Sanderson Spring 25.
Ruggable x Sanderson 2025.
Moschino FW25 RTW - Vogue Runway.



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 2026.

Revenue

Reported revenue for the year was £99.5m, down 0.9% compared with the £100.4m recorded in FY2025.

	FY2026 (£m)	FY2025 (£m)
Brands	70.0	71.3
Licensing	10.5	11.0
Manufacturing – external	19.0	18.1
Total revenue	99.5	100.4

Within our Brand Product segment, the strategic focus on North America continued to deliver growth, with brand product sales up 9% in constant currency (excluding the impact of tariff surcharges) with progress being driven by contract orders and the launch of our direct-to-consumer websites. The heritage brands, Morris & Co. and Sanderson, continue to perform well in this market and Zoffany had a strong second half as a result of several orders from contract customers.

However, the UK market, which still represents over 40% of total brand product revenue, continues to be challenging, with sales in our home territory 9% down year-on-year. Unlike all other regions, the underlying performance of the UK market did not improve in the second half of the year.

Our Morris & Co. direct-to-consumer site launched in the UK in September 2024 and the USA in March 2025 and has performed ahead of expectations. Direct-to-consumer sites for the Sanderson, Harlequin, Clarke & Clarke, and Zoffany brands were launched in the second half and should help drive revenue (and gross margin) growth in FY2027.

External manufacturing revenue of £19.0m was up £0.9m (5%) compared with last year with all of the growth coming in the second half. Internal manufacturing revenue at £10.7m was down from £13.6m in FY2025 in line with our planned inventory reduction strategy.

Our factories' financial performance has been transformed by the restructuring initiatives implemented throughout the period. Adjusted underlying PBT for the manufacturing segment was £0.1m for FY2026, a significant improvement on the £2.6m adjusted underlying loss in FY2025.

Licensing revenue was down 5% at £10.5m million (FY2025: £11.0m). Accelerated income of £6.1 million was, as expected, lower than the £7.3m reported in FY2025. The prior year included the renewal of some of our major global licences including Blinds2Go and Brink & Campman rugs and fewer major agreements were due for re-signing this year. Notable agreements that were agreed in FY2026 included Tile Shop in the USA with Morris & Co., an extension for the Sanderson brand with Portmeirion's Royal Worcester tableware and a renewal of our partnership with Sangetsu in Japan.

Encouragingly, underlying revenue, which excludes the impact of the IFRS 15 accounting standard and reflects the true performance of how our partners' products are appealing to consumers, grew by 36% to £9.0m (FY2025: £6.6m) and contributed significantly to the Group's cash position.

Chief Financial Officer's Review continued

Gross profit

Gross profit for the year was £68.7m compared with £68.4m in FY2025 with lower Brand and Licensing sales being offset by significant improvements in external manufacturing revenues and factory gross margin.

FY2026	Brands (£m)	Licensing (£m)	Manufacturing (£m)	Eliminations (£m)	Total (£m)
Revenue – external	70.0	10.5	19.0	–	99.5
Revenue – internal	–	–	10.7	(10.7)	–
Total revenue	70.0	10.5	29.7	(10.7)	99.5
Cost of sales	(22.5)	–	(19.4)	11.1	(30.8)
Gross profit	47.5	10.5	10.3	0.4	68.7
Gross profit %	67.8%	100.0%	34.6%	–	69.1%

FY2025	Brands (£m)	Licensing (£m)	Manufacturing (£m)	Eliminations (£m)	Total (£m)
Revenue – external	71.3	11.0	18.1	–	100.4
Revenue – internal	–	–	13.6	(13.6)	–
Total revenue	71.3	11.0	31.7	(13.6)	100.4
Cost of sales	(22.9)	–	(22.9)	13.8	(32.0)
Gross profit	48.4	11.0	8.8	0.2	68.4
Gross profit %	67.8%	100.0%	27.8%	–	68.2%

Our overall gross profit percentage grew by 90 basis points to 69.1% (FY2025: 68.2%).

The benefits of the restructuring exercises undertaken in our two factories can be seen with the gross profit percentage in this segment increasing by 680 basis points despite a reduction of £2.9m of internal sales versus FY2025 as we focused on reducing inventory levels across the Group.

The Brands segment recorded a gross profit percentage of 67.8% which was in line with the prior year. The segment benefited from the sales mix shifting towards the higher margin market of North America and the higher margin channel of direct-to-consumer. However this was offset by an increase in the mix of lower margin contract sales and a higher level of discounting for clearance products due to the level of fabric inventories across the sector as a whole.

Profit before tax

Profit before tax for the year was £3.1m, a significant improvement versus the prior year which was impacted by a £16.3m charge related to the impairment of intangible assets.

	FY2026 (£m)	FY2025 (£m)
Revenue	99.5	100.4
Cost of sales	(30.8)	(32.0)
Gross profit	68.7	68.4
Distribution and selling expenses	(24.3)	(25.7)
Administration expenses	(44.8)	(44.8)
Impairment of intangible assets	–	(16.3)
Other operating income	3.0	4.0
Net finance income	0.5	0.5
Profit/(loss) before tax	3.1	(13.9)

Other operating income of £3.0m (FY2025: £4.0m) comprises consideration received from the sale of marketing materials (mainly pattern books) to support the Group's core products. The cost of these marketing materials is included in Distribution and selling expenses. Our approach to issuing these pattern books has changed compared to the prior year. Under the old 'book scheme' members paid a monthly fee to receive a pattern book for all new collections. Under the new loyalty scheme, members pay for each pattern book on an individual basis. This change has seen a reduction in both Other operating income and, Distribution and selling expenses, and a net saving to the Group of £0.5m compared to FY2025.

Aside from the impact of pattern books, Distribution and selling expenses have remained largely flat versus FY2025 with savings from the renegotiation of our haulage and carriage contracts countered by the impact of additional tariff costs in the USA. These tariff costs were offset by applying surcharges to invoices which are reflected as revenue in these accounts. As of 1 February 2026, these surcharges have been incorporated into our standard price list for the USA.

Administration expenses were in line with FY2025 with inflationary increases being offset by savings from restructuring exercises undertaken across all areas of the business.

Adjusted underlying profit before tax

Adjusted underlying profit before tax was £5.3m, up from £4.4m in FY2025.

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 and is used within the Group's incentive plans.

	FY 2026 (£m)	FY 2025 (£m)
Statutory profit before tax	3.1	(13.9)
Impairment and amortisation of acquired intangible assets	0.3	16.5
Historical property tax obligations	0.5	-
Restructuring and reorganisation costs	0.7	1.0
Share-based payment charge	0.2	0.3
Defined benefit pension charge	0.5	0.5
Adjusted underlying profit before tax	5.3	4.4

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

- The amortisation of intangible assets in respect of the acquisition of Clarke & Clarke was £0.3m (FY2025: £0.2m). FY2025 also included an impairment charge of £16.3m relating to the goodwill recognised on the acquisition of Clarke & Clarke in October 2016
- An exceptional charge in FY2026 of £0.5 million in relation to the settlement of an historical property tax obligation in New York City. This amount reflects the agreed settlement of legacy liabilities relating to prior periods. The charge has been presented as an exceptional item due to its non-recurring nature and its association with an historical matter
- Restructuring and reorganisation costs of £0.7m (FY2025: £1.0m) arising from headcount reductions in head office functions and both manufacturing locations
- Share-based payment charges of £0.2m (FY2025: £0.3m) are excluded as they are a non-cash measure
- Administration costs of £0.5m (FY2025: £0.5m) related to the Group's two legacy defined benefit pension schemes

Taxation

The tax charge for FY2026 was £1.0m.

The estimated effective tax rate (before adjusting items) for the year was 31.4% as a result of permanent differences such as ineligible depreciation and share-based payment charges.

Capital expenditure

Capital expenditure in the period totalled £0.7m (FY2025: £4.1m) with no major capital projects occurring during the year.

Prior year expenditure included investment in a new digital pigment printer at Standfast & Barracks and the fitting out of the Group's new head office and archive at Voysey House in West London.

Our forward expenditure programme will be focused on increasing our digital printing capacity and on capital maintenance. This will be closely aligned to our Live Beautiful strategy with projects only being approved if they can be proven to support us on our journey towards a low-carbon and resource-smart future.

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 licence 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 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 within them.

During FY2026, the Group recognised £6.1m of accelerated licencing income. Despite cash inflows from agreements signed in previous periods, minimum guaranteed licensing receivables on the balance sheet grew with the amount due after more than one year at £12.6m (FY2025: £11.3m) and those due within one year at £4.4m (FY2025: £3.0m).

Inventories

Last year we communicated that reducing inventory levels would be a key area of focus in FY2026. Net inventory ended FY2026 at £21.5m, down £5.7m on the prior year. Reductions were achieved across all parts of the business with raw materials in the manufacturing segment and finished goods in the brands segment seeing reductions of 30% and 20%, respectively. We believe there is still scope for further, but more limited, reductions in the future.

Trade and other receivables

Net trade and other receivables increased to £13.1m from £12.9m on 31 January 2025.

Our business model means that most customers for our Brand Product segment do not hold inventory. We are able to quickly react to any aged accounts to mitigate potential credit risks. As a result, despite the current economic environment, we continue to experience limited bad debts. The ageing profile of trade debtors shows that most customers are close to terms although the wider economy presents an enhanced level of credit risk.

At a Group level, in addition to specific provisions against individual receivables, a provision has been made of £0.2m (FY2025: £0.2m) which is a collective assessment of the risk against non-specific receivables calculated in accordance with IFRS9.

Cash position and banking facilities

Net cash increased to £9.8m (FY2025: £5.8m). Net cash generated from operating activities was an inflow of £8.4m (FY2025: outflow £2.1m).

The principal drivers for the year-on-year improvement in cash were the above-mentioned reduction in inventory levels and the limited level of capital expenditure.

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 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.

Chief Financial Officer's Review continued

Cash position and banking facilities continued

The Group's banking facilities are provided by Barclays Bank plc. The Group has an undrawn £10.0m multi-currency revolving credit facility which was last 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.

Up until March 2025 contributions to the Walker Greenbank Pension Plan were made on deficit contribution schedules previously agreed with the schemes' trustees and include payments towards the ongoing expenses incurred in the running of the scheme. From April 2025, following the finalisation of the scheme's triennial actuarial valuation, the Group ceased making deficit contributions but continues to make payments towards scheme expenses.

In FY2025, the Group made a one-off contribution of £2.3m to the Abaris Holdings Pension Scheme to support a Trustee decision to transfer all of 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 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 according to investment market conditions at each accounting date. The Group has reported a net surplus of £3.3m on 31 January 2026 compared with a surplus of £2.3m on 31 January 2025.

Dividend

During the fiscal year, an interim dividend for 0.50p per share was paid on 28 November 2025.

A full dividend of 1.00p is now proposed taking the full year dividend to 1.50p. This payment will be made on 7 August 2026 to shareholders on the Company's register on 10 July 2026 if approved at the Company's forthcoming Annual General Meeting with an ex-dividend date of 9 July 2026.

Capital allocation policy

We remain committed to maintaining a strong balance sheet.

Our forward capital expenditure programme is closely aligned to our Live Beautiful strategy towards a low-carbon and resource-smart future with capital maintenance projects only approved if they can be proven to help 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.

Whilst the book value per share is significantly higher than the market price, the Board has determined at this time to maintain the dividend, and fund the purchase of shares by our EBT to satisfy the future vesting of share schemes.

Going concern

The Directors reviewed a Management Base Case model and considered the uncertain political and economic environment in which we are operating. 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 interim financial statements. Further details of the review are disclosed in note 1 to the financial statements.

Mike Woodcock

Chief Financial Officer

28 April 2026



Key Performance Indicators

Revenue £99.5m

26		99.5
25		100.4
24		108.6
23		112.0
22		112.2

Total current year revenue.

Basic earnings/(loss) per share 2.98 pence

26		2.98
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 £21.5m

26		21.5
25		27.2
24		26.7
23		27.8
22		22.7

Year end total inventory, net of provision.

Profit/(loss) before tax £3.1m

26		3.1
25		(13.9)
24		10.4
23		10.9
22		10.4

Statutory profit/(loss) before tax.

Adjusted earnings per share 5.39 pence

26		5.39
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.

Capital expenditure £0.7m

26		0.7
25		4.1
24		3.3
23		4.8
22		2.1

Total capital expenditure less proceeds from disposal for the year.

Adjusted underlying profit before tax £5.3m

26		5.3
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.

Cash £9.8m

26		9.8
25		5.8
24		16.3
23		15.4
22		19.1

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

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	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 engagement, 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>

	Why we focus on these stakeholders	What matters to them	How we engage and respond	How the Board has taken account of these interests
<p>Shareholders</p>	<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 • Capital allocation 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 provides regular updates to 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>
<p>Suppliers</p>	<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, health and safety and sustainability.</p> <p>Read more about how we engage with our suppliers in our Live Beautiful sustainability strategy.</p>
<p>Communities</p>	<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>
<p>Government and regulators</p>	<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 2026, 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 26 and 27, Stakeholder Engagement.

Principal decisions taken during the year

Principal decision	Stakeholders	Commentary
Implementation of Dayforce HCM	Colleagues Government and regulators	During the year, it was decided to purchase and implement Dayforce HCM, a fully integrated Human Capital Management platform to transform how the Group manages its people, data and compliance processes. The initiative aligns with the Group's strategic priorities of US First, Digitisation & Culture, and Work Beautiful, enabling an empowered, data-led, and legally compliant workforce.
Restructuring the business	Colleagues Shareholders Customers	The Board approved the restructuring of the business that delivered annualised savings of £1m in central overheads. As part of this restructure, it was also agreed to cease operating at the Westthoughton site, and focus on the collaborative working of brands design, marketing and commercial functions.



Case Study – supporting communities

Elevating wellbeing through design

Morris & Co. has collaborated with award-winning interior designer Scott Maddux and the CARE charity to bring the newly opened CARE Hub in Grimsby to life, donating wallpapers, fabrics and paints to support the transformation of the space.

Located in the town centre, the CARE Hub occupies a historic former bank that has been reimagined as a vital community resource. Designed by Scott Maddux, who is known for creating beautifully layered interiors, the space is rooted in accessibility and inclusivity, providing a safe environment where anyone can walk in, feel at ease, and enjoy free refreshments.

Morris & Co.'s Bird in Webbs Blue was used to wallpaper the ceiling, while vintage chairs and comfortable sofas were reupholstered in iconic patterns including Artichoke and Honeysuckle. Coordinating Morris & Co. paint colours were introduced to bring harmony and depth throughout the scheme.

The result is a community hub where considered design enhances wellbeing and underscores the power of beautiful, high-quality materials in creating spaces that serve both emotional and practical needs.

Live Beautiful

Delivering sustainability

It is now five years since we launched our Live Beautiful framework in April 2021. We have achieved strong advances in each 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. During FY2026, we have revisited our Live Beautiful framework and continued to strengthen our focus on each of the pillars.

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 are committed to creating beautiful, timeless designs while protecting the world and the people around us. We are proud to announce our partnership with Verisio, an ESG and supply chain risk management business that will support us through audits, risk assessments, and compliance monitoring via their proprietary systems.

Through this partnership, we now have our own Optimus Platform to manage audit data, evidence and corrective action plans. In addition, we have independent third-party oversight, including unannounced 'Verify' spot-check audits. Together, these measures strengthen our ability to manage ESG risks, enhance transparency and maintain robust compliance across our supply chain.

This progress reflects the dedication of our Technical, Innovation, and Sustainability teams, who continue to lead the way in ensuring that sustainability and transparency remain central to our business.



Our Approach

Live Beautiful

PLANET

Beauty begins with care.

PATHWAYS TO A LOW-CARBON & RESOURCE-SMART FUTURE

GREENHOUSE GAS EMISSIONS
ENERGY EFFICIENCY
DISTRIBUTION EFFICIENCY

PRODUCT

True beauty is made to last.

DESIGNING FOR TOMORROW

RAW MATERIALS
TRACEABILITY
PACKAGING
CHEMICAL MANAGEMENT
ANIMAL WELFARE
CIRCULARITY

People

Beauty is made by people.

OUR PEOPLE, OUR STRENGTH

HEALTH AND SAFETY
EMPLOYEE ENGAGEMENT
EMPLOYEE WELLBEING
EQUALITY, DIVERSITY & INCLUSION
TRAINING & DEVELOPMENT
REWARDS & BENEFITS

BUILDING A FAIR, ETHICAL & INCLUSIVE FUTURE

HUMAN RIGHTS
ETHICAL AUDITING
TRAINING & AWARENESS
GRIEVANCE MECHANISMS
EMPOWER OUR PEOPLE

BUILDING BETTER COMMUNITIES TOGETHER

EMPLOYEE GIVING
CORPORATE GIVING
FUNDRAISING
CASE-RELATED MARKETING
COMMUNITY ENGAGEMENT

POWERING GROWTH THROUGH GOVERNANCE AND LEADERSHIP

Live Beautiful continued

People

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

We are 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. Our People pillar focus now also extends outside of our own employees and recognises our responsibility towards those within our supply chain.

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, building 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 developing our leaders, building and 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

FY2026 saw the delivery of the second year of our people strategy designed to make 'Work Beautiful', bringing the beautiful into our team's working lives, creating One Sanderson Design Group. Our strategy continues to focus on four key pillars: Talent & Succession, Learning & Career Development, Reward & Recognition and Inclusion & Engagement. We have made further progress across all pillars throughout FY2026.

Talent and Succession

Building from the organisation's strategic workforce plan, in FY2026, we have worked with leaders across the business to implement plans targeted at removing organisation, capability and talent gaps. We have continued to prioritise strategic leadership recruitment in Sales and Operations in particular, to build our internal capability and future talent pipelines. Our US focus has seen us further strengthen our in-country sales team with the appointment of several new regional and functional sales leadership roles.



Continued strategic focus combined with economic challenges have again directed activity over FY2026 towards organisation redesign. In areas such as Digital we have invested in capability to set teams up for future success. Other activity has resulted in changes that have impacted every part of our UK business. These changes unfortunately led to 66 people leaving the business through redundancy. Our priority was to ensure impacted colleagues were treated fairly and with respect throughout this change.

Learning and Career Development

FY2026 has been a year of focus on learning for the business, building a culture of empowered, self-led learning facilitated by great everyday development. 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.

Leadership and line management development has been a priority. Following the work to re-establish our organisation values, a set of organisation behaviours have been created to underpin the development and measurement of people across the business.

To support the embedding of these behaviours, we have rolled out a 3-module, Line Manager development programme. We have continued to embed Insights Discovery training with teams from all parts of the business, targeted at building self-awareness and appreciation of difference in others.

Our commitment to early years career development has continued in FY2026. As well as supporting our existing apprentices on their Level 3 and Level 5 CMI-accredited leadership schemes, a further seven people enrolled for various new courses across the year. These included leadership, data and project management courses. Through these various schemes we are supporting our employees to develop their skills and capability in operational and financial management.

In FY2026, career development and progression has also been a priority. While we have welcomed a number of new employees to the business, we have also seen three of the team securing promotions, four taking development moves and a further three taking secondment opportunities to broaden their skills in new areas. This is a positive outcome of our focus on development and provides a platform to build on.

Reward and 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.

Support with financial wellbeing and planning for the future has been a request from many across the business, and in FY2026, in conjunction with our external partners, we ran several roadshows across the Group to build knowledge and confidence in this space.

We launched our internal recognition programme 'Star of the Season' in FY2026. This is a quarterly peer-nominated and peer-chosen programme designed to recognise those who have gone above and beyond in service of our business. This has been a very popular addition to our recognition package. We have received over 200 nominations across the year and celebrated 20 'Stars', representing every part of our business.

We have also continued to develop our Long-Service recognition. Of note in FY2026 was the introduction of our inaugural Long Service Celebration Day. This is a Company-wide celebration and in FY2026 we recognised 49 employees who had marked key service milestones over the preceding 12 months at events across each of our sites. Theirs is an amazing achievement and testament to the opportunities provided for our employees to build fulfilling careers in our business.

Inclusion and Engagement

We are committed to regularly engaging with our employees. We continue to 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 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.

Utilisation of our employee intranet has continued to grow across the year. We have introduced initiatives celebrating key annual events such as National Apprenticeship Week and Pride Month. Through engaging with our teams, we take the opportunity to highlight the experience and share stories from employees who are passionate about these topics. Across the site, we regularly update content to ensure it is engaging and relevant to teams across the business.

The launch of regular 'Lunch 'n' Learn' sessions has been another highlight for FY2026. In total, we have hosted 17 sessions facilitated by both internal and external speakers. Topics have covered areas such as Inclusivity, Wellbeing, Personal Development, and Business Performance. In total, 467 people from across the business have attended the webinars with more people accessing the videos after the event.

Microsoft Engage, our internal social media channel, has seen a growth in utilisation over the year. People from across the business now regularly share stories and updates from their business areas, ultimately supporting the outcome of creating stronger connections across the Group.

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. Of note this year has been our sponsorship of Chiswick House & Gardens Trust.

Through this connection, over 20 of our team have volunteered their time to support the work of the team at the Gardens.

The Company, through our Community Groups, is also proud to support local charities. Our nominated charity partners for FY26 included LOROS hospice in Leicester, Emily's Angels in Milton Keynes, Wolfwood in Lancaster, and St Mungo's in London. Teams raised money through sponsorship events, internal 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.

In FY2026, we continued to partner with QEST, the Queen Elizabeth Scholarship Trust, to promote excellence in British craft. 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. In addition, our Anstey team supported a county-wide careers event run by QEST to support children in their area.

Our Supply Chain

Our vision is to build a transparent, responsible, and resilient supply chain that respects people, protects the environment, and upholds the highest standards of integrity while celebrating craftsmanship and design excellence. We are committed to sourcing materials and manufacturing our products in ways that are fair, safe and sustainable, working in partnership with suppliers who share our values.

We are committed to strengthening standards across our global supply chain, ensuring safe working conditions, respect for human rights, and responsible business practices. Our key priorities include:

- Improving worker conditions, safety, and human rights throughout our supply chain by setting clear expectations and monitoring performance.
- Expanding the rollout of our Supplier Improvement & Engagement Policy, which supports suppliers in meeting and maintaining our requirements.
- Working in partnership with Verisio to enhance auditing, supplier engagement, and improvement initiatives that drive meaningful progress.
- Requiring all suppliers to sign and uphold our Code of Conduct, which covers worker safety, human rights, fair pay, working hours, and freedom of association.
- Providing training and support to ensure suppliers fully understand our expectations and the audit standards they are required to meet.
- Ensuring due diligence is completed for all proposed sites before they are approved to supply Sanderson Design Group.
- Applying a risk-based audit approach, informed by country-level risk assessments and site-specific audit history to prioritise resources effectively.
- Issuing Corrective Action Plans when issues are identified, and following up to ensure meaningful, timely progress. We continue working only with suppliers who demonstrate commitment to improvement.

Live Beautiful continued

Product

True beauty, thoughtfully made. Designed for tomorrow.

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

We believe true beauty is made to last. Our Beautiful Product commitment reflects this belief: creating thoughtfully designed pieces that honour craftsmanship, use materials responsibly, and stand the test of time. Every product we make is designed to bring lasting beauty to the spaces and lives it becomes part of. We are dedicated to ensuring every product we create meets the highest standards – responsibly sourced, free from harmful substances and delivered with exceptional quality. Each item must be safe, functional and fully fit for purpose.

Our Focus Areas

1. Circularity

We are embedding circular design principles across our business. This includes creating products and packaging that minimise pollution and waste while keeping materials in use for longer.

2. Operational Waste

We are committed to reducing the amount of operational waste we generate, even as the business continues to grow. A key part of this commitment is increasing the volume of waste that is reused and recycled, ensuring materials remain in circulation for as long as possible. To support this, we work closely with our waste contractors and packaging suppliers to unlock circularity opportunities. These include reprocessing transit packaging into clear plastic bags and recycling the cardboard collected from our warehouses.

3. Supply Chain and Traceability

We are strengthening transparency and responsible sourcing across our supply chain by increasing visibility of our suppliers and the materials they provide. This includes avoiding sourcing from any regions or suppliers that do not meet our standards, ensuring our values are upheld at every stage of production. To support the traceability of raw materials, we are also implementing management systems that capture supplier data and enable us to track materials from origin to finished product.



4. Chemical Management

We are committed to adopting and implementing global tools and best practices that help eliminate hazardous chemicals throughout the textile value chain.

5. Animal Welfare

Our product sourcing principles place importance on animal welfare. We are committed to minimising any impact on animals and maintain a strict policy of never using real fur in any of our products. In addition, we ensure that all wool is sourced from non-mulesed suppliers.

6. Raw Materials

We provide clear, responsible sourcing guidelines to our Product teams and suppliers to support ethical and sustainable material choices.

7. Packaging

Packaging is essential to protecting products during transit. We aim to strike the right balance – reducing environmental impact while preventing damage and waste caused by insufficient protection.

Key Progress to Date

We have made meaningful progress across several areas of our sustainability strategy. All packaging now contains a minimum of 60% recycled content, reflecting our commitment to reducing virgin material use. We have also launched our supplier improvement and engagement policy, strengthening collaboration across our supply chain. At the Anstey Wallpaper Factory, operational waste has been reduced by 39% since FY2023, marking a significant step in minimising our environmental impact. In addition, we are working with BCome on a project to collect detailed lifecycle analysis data for our products, enabling greater transparency.

Planet

Pathways to a low-carbon and resource-smart future.

We have been collaborating closely with Planet Mark in our pursuit of carbon neutrality – an ambitious target and a cornerstone of our long-term sustainability strategy. This partnership supports our commitment to reducing environmental impact, improving operational efficiency and strengthening climate-related governance.

Our ongoing sustainability work is centred around four key areas:

Greenhouse Gas Emissions: Annual review of greenhouse gas emissions, including performance measured against the certification requirements of Planet Mark.

Operational Sustainability Updates: Regular updates on efficiency initiatives, material sustainability risks, and compliance developments.

Climate-Related Risk Management: Biannual review of the Group risk register, incorporating climate-related risks identified through a top-down assessment in collaboration with business-area management.

Energy Reduction: Ongoing commitment to reducing organisational energy consumption across all sites.

Next Phase of Work: FY2027 and Beyond

Looking ahead, the next stage of our sustainability journey will focus on deepening the resilience of our climate-related strategy. This includes strengthening the governance structures that oversee climate analysis, ensuring accountability and oversight remain robust. We will continue to integrate climate-related risks more fully into the Group's enterprise risk management processes. As new and more detailed data becomes available, we will enhance the financial modelling of climate impacts to inform long-term planning. Alongside this, we are developing a consistent and repeatable methodology to assess how climate outcomes shape strategic direction and support the organisation's resilience.



Key Progress to Date

We have continued to advance our renewable energy and efficiency initiatives with strong results. We have now achieved three consecutive years operating on 100% renewable electricity. Our portfolio of energy-saving projects has delivered a total reduction of 1,200,127 kWh, driven by major improvements including the Compressed Air Efficiency Project, the LED Lighting Upgrade at Anstey Wallpaper Factory, the Boiler House Feed Water Project at Standfast & Barracks, and compressed air datalogging at Standfast & Barracks.

Alongside these operational efficiencies, we are progressing our Digital First initiatives as part of our Digital Transformation, with a view to reduce waste, improve production lead time, and increase overall efficiency.

Our partnership with Planet Mark, combined with focused action across our operations, has delivered meaningful progress toward carbon neutrality. With strong foundations now in place, we are positioned to advance further by strengthening governance, enhancing risk management, and deepening our understanding of climate-related financial impacts in the years ahead.

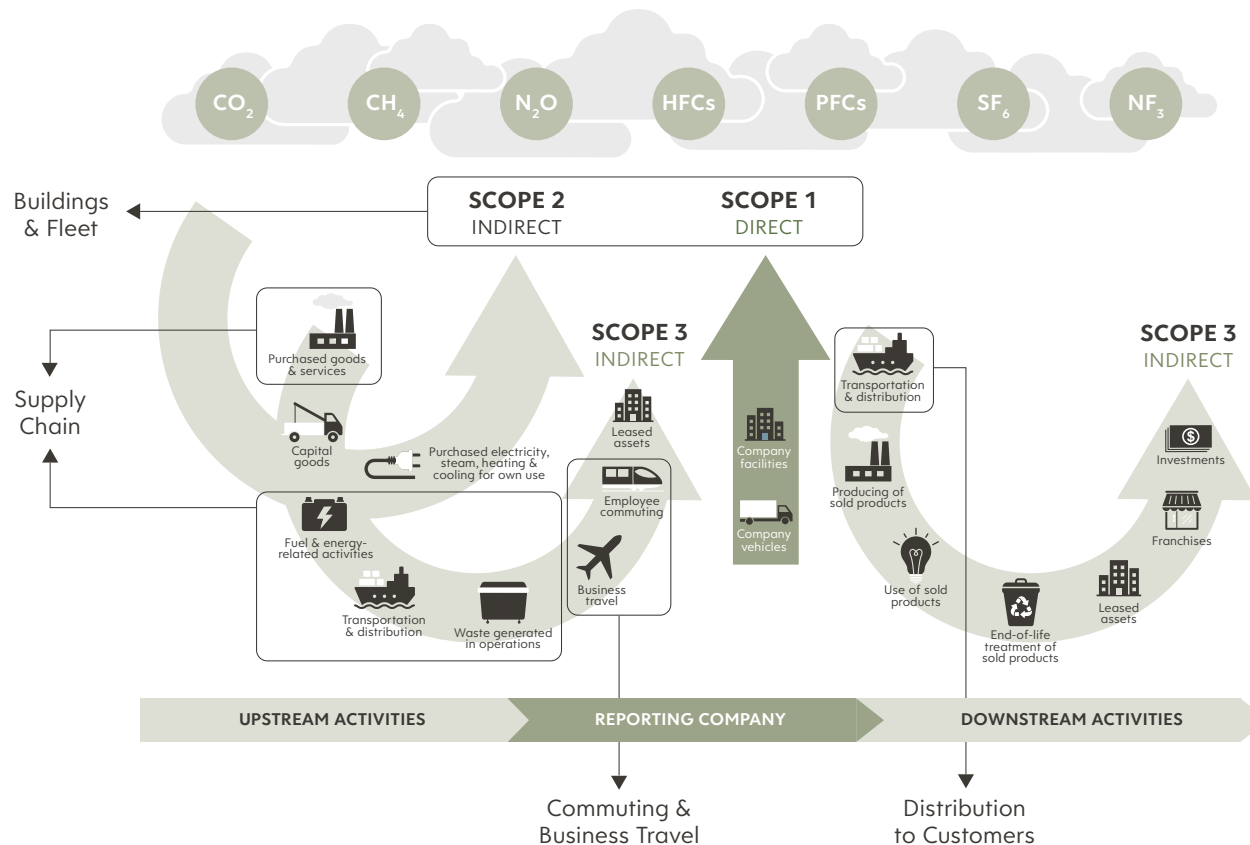


Greenhouse Gas Emission and Energy Consumption Reporting

Planet Mark's Net Zero Certification Programme aligns with the principles of the Science Based Targets initiative (SBTi), the world's only framework for setting corporate net zero targets in line with climate science:

- 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 emissions).

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.

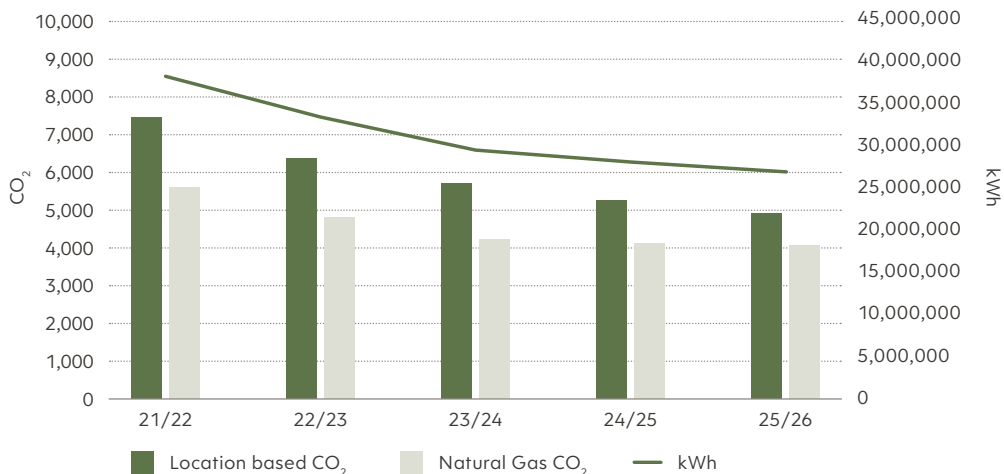
The table on the next page shows the energy and GHG emissions from business activities involving the combustion of gas and fuels, the purchase of electricity, and business mileage.

We are delighted that the initiatives we have put in place to reduce our carbon footprint have resulted in a further 6.5% reduction in location-based CO₂ equivalent emissions over the past year.

Tonnes CO ₂ e Greenhouse Gas Emissions ¹		FY2026	FY2025 ¹
Scope 1		3,781.8	3,968.2
Scope 2	Location based ²	848.3	1,145.9
	Market based ³	8.7	12.8
Scope 3		264.4	289.6
Total Greenhouse Gas Emissions	Location based ²	4,894.4	5,403.6
	Market based ³	4,054.9	4,270.6
Carbon intensity (per £1m Revenue)	Location based ²	48.9	52.3
	Market based ³	40.5	41.0
Total Energy Use kWh		25,612,985	27,300,170

- 1 Data is presented on a like-for-like basis following scope reclassifications and inclusion of business travel 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.



Non-Financial and Sustainability Information Statement

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 FY2026 to identify, assess, and manage the climate-related risks and opportunities that are relevant and material to the business.

Governance

The Board oversees the Group's climate-related performance and the progress made against emissions-reduction and operational efficiency targets. Climate-related matters are escalated to the Board through the Group Operations Director, who provides the Board with structured reports on emissions performance, operational initiatives, and emerging risks. As part of their stewardship, the Board assesses progress against climate-related targets through:

- Annual review of greenhouse gas emissions, including performance relative to the Planet Mark certification requirement.
- Regular operational updates from the Group Operations Director, covering efficiency projects, material sustainability risks, and compliance developments.
- Biannual review of the Group risk register, which incorporates climate-related risks identified through a top-down assessment in consultation with business-area management.

These reviews enable the Board to monitor performance, evaluate whether targets are being met, and determine whether additional actions or investments are required. As the Group updates its sustainability management systems following recent organisational changes, the Board will further formalise its monitoring processes and expand the scope of metrics reviewed in FY2027.

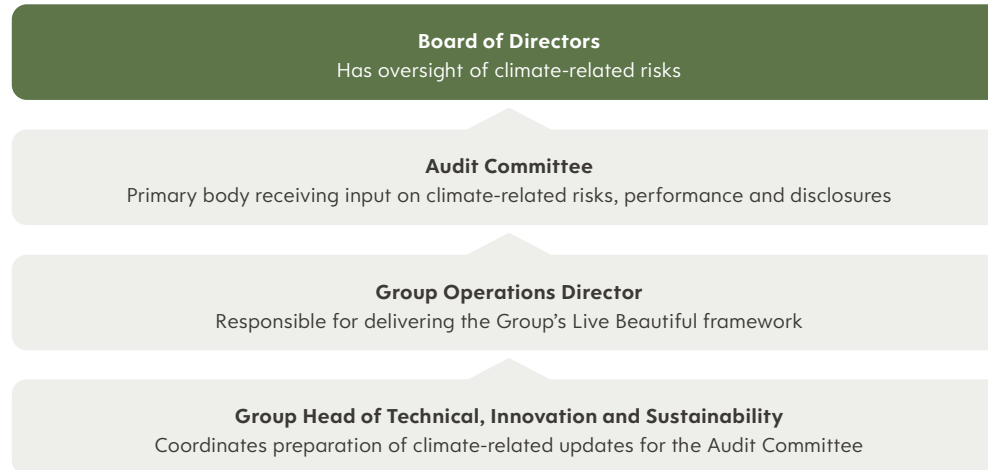
While the governance structure includes several committees that may discuss climate-related matters, the Audit Committee is the primary body through which the Board receives input on climate-related risks, performance, and disclosures. The Group Head of Technical, Innovation and Sustainability reports to the Group Operations Director. The Group Operations Director coordinates the preparation of relevant updates for the Audit Committee. Following review, the Committee elevates material matters and recommendations to the Board for consideration.

The Group Operations Director is responsible for delivering the Group's Live Beautiful framework. This framework rests on the three core principles of People, Product and Profit, and outlines our ambition of becoming net carbon zero. Reducing our environmental impact is a core objective 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' Long-Term Incentive Plan (LTIP), granted in 2023, 2024, and 2025, is directly linked to achieving the annual Planet Mark Business Certification.

The Group incorporates sustainability considerations into selected capital expenditure projects, particularly those relating to energy efficiency and operational upgrades at manufacturing sites. These investments were informed by earlier analysis undertaken, including work completed with Planet Mark on the emissions-reduction potential of various operational improvements.

The Group has not yet implemented a formal, standardised methodology for assessing ESG considerations across all capital projects. The development of such a framework remains under review and will be informed by ongoing work to quantify the financial impacts of climate-related risks and opportunities. Once this quantification exercise is complete, the Group expects to refine the criteria through which sustainability considerations are embedded in future capital allocation decisions.



Management's role

The Group Operations Director is responsible for the oversight of climate-related matters and performance, together with the development and implementation of the Group's sustainability strategy. The role encompasses leadership of the Group's manufacturing operations and the Group's Future Factory initiative. Key areas of focus include operational efficiency, optimisation of digital printing, reduction of lead times and inventory, enhancement of procurement activity, and the continued simplification of operational processes.

In line with the Group's governance and management framework, the Group Operations Director provides regular operational updates to the Sanderson Design Group Leadership Team and periodic updates to the Board of Directors (via the Audit Committee), as appropriate.

During the course of the climate-related assessment, our business functions were consulted to ensure their views were suitably reflected. The 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 implemented to address climate-related risks is our engagement with existing suppliers to identify carbon hotspots within the value chain, to help suppliers reduce their own operational emissions and increase resilience to climate-related risks.

Strategy

We have been undertaking a multi-year process to assess the climate-related risks and opportunities that could influence the Group's operations, cost base, and long-term strategic positioning. This work has progressed in stages as data availability, governance structures and analytical capability have matured.

Work completed to date:

FY2025 – Qualitative assessment

The Group conducted a qualitative, scenario-based review of climate-related risks and opportunities. This exercise identified the most material transition and physical risks and assessed how these could plausibly affect our business under a range of global warming pathways. The output helped establish an initial prioritisation of issues and informed management discussions about resilience and operational planning. Due to restructuring, the quantification was pushed into 2026 and the integration of the analysis into financial planning is still ongoing.

FY2026 – Initial financial estimation and early integration

The Group undertook preliminary quantification of selected material risks and opportunities. These estimates were directional and focused on identifying areas of potential financial exposure, such as energy efficiency, operational continuity, and supply chain sensitivity. The insights from this stage have begun to inform strategic planning and capital considerations, although further refinement is required as data systems and analytical processes improve.

Next phase of work (FY2027 and beyond): The Group seeks to progress to the next stage of scenario analysis. This phase will cover:

- Strengthening governance arrangements overseeing climate-related analysis;
- Further integrating climate-related risks into the Group's risk management processes;
- Enhancing the financial estimation of climate impacts as new data becomes available; and
- Developing a repeatable methodology for assessing how climate-related outcomes may influence strategic planning and long-term resilience.

The Group intends to refine its scenario analysis on an iterative basis, reflecting improvements in data quality, operational insight, and industry guidance. In addition, for assessing emissions, both Scopes 1 and 2 as well as Scope 3, we will reevaluate our baseline (currently 2020). The reevaluation of the baseline will enable the incorporation of improved data, alignment on carbon accounting methodologies, and progress already made towards the Group's ambitions. This updated benchmark will provide the Group with enhanced clarity on its recent emissions and future trajectory and aligns with the Science Based Targets Initiative (SBTi) to update baselines when data quality improvements and structural changes take place.

As discussed in the Governance section of this report, as well as in the Metrics & Targets section, we also plan to explore additional metrics for assessing ESG performance. These may include project-based capital expenditure.

Risk Management

Identified risks and opportunities: To determine the climate-related risks and opportunities most relevant to the business and to assess their potential impact, we undertook a programme of peer benchmarking, desk-based research and stakeholder interviews. This process enabled us to compile a list of the most material risks and opportunities and to develop an improved understanding of how climate-related impacts may influence our operations and wider value chain. The climate-related risk identification assessment is refreshed annually, with interim reviews undertaken as required to reflect emerging risks, new information or changes in the external environment.

Risk and opportunity assessment: The identified risks and opportunities were scored and ranked using three assessment criteria:

1. Vulnerability (combination of exposure, adaptive capacity and sensitivity).
2. Magnitude and likelihood across climate scenarios.
3. Time horizons.

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

- **Short-term** – 1 to 3 years (from FY2027): This aligns with business risk and finance strategy in dealing with the most immediate events that might impact our business.
- **Medium-term** – 4 to 9 years (from FY2030): This aligns with broader strategic priorities around operational decarbonisation and the development of business resilience through our Live Beautiful framework.
- **Long-term** – 10 to 24 years (from FY2037): This aligns with the UK's decarbonisation ambitions, and our plans to build resilience and a low-carbon operating model.

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

Climate-related Financial Disclosure Regulations continued

For transition risks, we utilised climate scenarios published by the Network for Greening the Financial System ('NGFS'), a collection of over 100 global supervisors who work with leading climate scientists to develop open-source models that are widely used by companies and policy makers to explore climate futures. Looking at physical risks, we utilised climate projections from the IPCC WGI Interactive Atlas (The Intergovernmental Panel on Climate Change is the United Nations body for assessing the science related to climate change, and the WGI Interactive Atlas is a tool for the spatial and temporal analyses of climate change information). The database outlines regional information on climate variations, including precipitation, snowfall, wind and temperature. The recent climate model submitted to CMIP6 (The Coupled Model Intercomparison Project) had the latest climate change projections available, allowing for an assessment over several shared socio-economic pathways, namely SSP1-2.6, SSP2-4.5 and SSP5-8.5 (shared socio-economic pathways are climate change scenarios of projected socio-economic global changes up to 2100)

	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 the early 2020s.	Policy measures are delayed until the 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 IPCC's SSP1-2.6 	<ul style="list-style-type: none"> NGFS Disorderly (delayed) transition REMIND-MAgPIE Delayed Action scenario IPCC's SSP2-4.5 	<ul style="list-style-type: none"> NGFS Hot House World (current policies) REMIND-MAgPIE Current Policy scenario IPCC's SSP5-8.5

Impact assessment of risks and opportunities

A qualitative impact assessment of climate-related risks and opportunities was conducted in conjunction with Planet Mark, the organisation that supports the Group's Scope 1, 2 and 3 emissions and SECR (Streamlined Energy and Carbon Reporting) reporting. Planet Mark acted as the primary specialist, leading the analytical components of the assessment, including the selection and application of open-source climate scenarios as outlined in this disclosure. Climate-related risks and opportunities were assessed qualitatively and prioritised based on their overall risk scores across all scenarios and time horizons. Key assumptions and findings were tested and validated through workshops facilitated by Planet Mark with cross-functional representatives across the Group, and the final assessment was reviewed and validated by the Group Operations Director.

By monitoring our emissions across Scopes 1, 2 and 3, we have identified the highest emitting categories: purchased goods and services and specific company building sites. Outside of direct operations, as we seek to reduce our emissions and manage transition risks, we are dependent on a variety of factors. These include supply chain technological development to advance low-carbon power generation by supplier manufacturers, and logistics advancement to reduce emissions associated with haulage and freight of goods. Working with our partners in our supplier and transportation networks is a top priority in order to improve GHG transparency data and initiate a cooperative GHG reduction strategy. Our Scope 1 buildings are already using the ESOS (mandatory energy assessment scheme for organisations in the UK that meet the qualification criteria) to improve our energy consumption efficiency.

We are actively managing our risks across different time frames and over various climate scenarios. We are taking action to achieve net carbon zero through the Live Beautiful programme (see page 29 in our Live Beautiful Framework). We believe this programme will help mitigate risks through decarbonisation measures, and our supply chain engagement programme is already in place.

The Group is exposed to a range of economy-wide dependencies, including supply chains, insurance availability, and others, which will shape how climate-related risks and opportunities materialise over time. As society transitions to a low-carbon economy, customer preferences will shift toward sustainable products from organisations that actively address climate change. Against this backdrop, we are well-positioned to expand our profile as a sustainable organisation, leveraging existing brands within our portfolio that have embraced sustainable practices.

Overview of climate-related risks

Climate change presents both physical and transition-related risks that could have financial implications for the Group over the short, medium, and long term. Physical risks, including extreme weather events and temperature variability, may affect the Group's operations, assets, and supply chain through disruption, increased costs, and potential impacts on insurance availability. Transition risks arising from policy, market, and technological change may influence operating costs, customer demand, input prices, and the broader regulatory environment as the economy shifts towards lower-carbon activity. While the Group has a diversified business model and a range of mitigating measures in place, these risks may still affect revenue, costs, asset values, and operational resilience over time.

In FY2026, the Group undertook a review of the climate-related risks identified in the prior year. We engaged outside experts on climate and transition risk to review the risks identified, the financial transmission channels of these risks, and the potential magnitude of those risks. Through discussions with these experts, some of the prior risks identified were updated and consolidated to more fully reflect our latest understanding of how these risks may impact us under different scenarios. This work will be revisited during the course of FY2027 and complemented by additional analytical measures.

The tables on the following pages provide a more detailed assessment of the Group's key climate-related risks and opportunities across different climate scenarios and time horizons. Each table outlines the nature of the risk, an assessment of potential impact, the rationale for the applied scoring, and the management actions currently in place to mitigate or respond to these risks. Where relevant, opportunities arising from the transition to a low-carbon economy or from increased resilience are also identified.

Market Risks – Declining sales

Declining sales due to shifting customer sentiment towards more environmentally friendly products could reduce revenues over time. Consumers are becoming more environmentally conscious and making purchases based on a product’s environmental footprint, usage of sustainably sourced materials, etc.

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

Scoring rationale: This risk is considered to have a low to moderate impact on the business over the short and medium term, although sustainability regulations are evolving and climate is a growing concern for customers making purchase decisions. This risk also connects with the Scope 3 decarbonisation targets of key customers of the Group, to whom we act as suppliers. The risk score initially rises for the Orderly and Disorderly scenarios as policy and market ambition for decarbonisation rises. These risks are lower in the Hot House scenario where coordinated climate action is slower.

Management actions:

1. Continue to work towards the Net Zero commitment of the Group by strategically engaging with suppliers and customers.
2. Remain compliant with the Planet Mark certification to ensure a continued focus on carbon reduction.
3. Maintain and manage the various projects launched under ESOS (Energy Savings Opportunity Scheme, a UK mandate for large businesses to audit energy use) to reduce energy use.

Potential opportunities: Development of low-carbon products will be an effective way to align with customers’ decarbonisation journeys and expand the Group’s market share.

Market Risks – Energy price pressure

Pressure on energy prices could increase operating costs across the Group’s facilities. Recent years, particularly in the UK, have been characterised by periods of elevated and volatile energy prices. As energy markets continue to decarbonise, geopolitical factors and shifts in energy supply and demand may create price changes that increase cost pressures for the business.

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

Scoring rationale: Energy price pressures may be experienced in the short term in key markets due to geopolitical and economic volatility. Over the medium and long term, outcomes diverge by scenario. Under an Orderly transition, clearer policy direction, increased energy efficiency, and greater stability in energy markets are expected to reduce volatility over time, resulting in a lower impact. Under a Disorderly transition, delayed and uneven policy action may lead to continued market disruption and price instability, maintaining a moderate level of impact. Over the longer term, under a Hot House scenario, intensifying physical climate risks, combined with ongoing reliance on fossil fuel-based energy systems, may increase the likelihood of supply disruptions and sustained price volatility. This could place greater pressure on operating costs, resulting in a higher long-term impact under this scenario.

Management actions:

1. Continue to identify and implement energy efficiency improvements across facilities where viable, including actions identified through ESOS assessments.
2. Monitor energy markets and review procurement arrangements to manage exposure to price volatility where possible.

Potential opportunities: Ongoing improvements in energy efficiency can reduce operating costs over time, limit exposure to energy price volatility, and support progress towards the Group’s emissions reduction objectives.

Market Risks – Suitably skilled personnel

The Group requires appropriately skilled personnel to support the implementation of low-carbon operational improvements and supply-chain-related changes as part of its decarbonisation pathway. That includes staff who can assess low-carbon materials and credibly evaluate supply chains for emissions and other sustainability concerns. If the right personnel are not hired, the Group may not achieve its target product manufacturing.

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

Scoring rationale: In the Orderly and Disorderly scenarios, the risk is moderate in the short to medium term, as the Group may need to invest in retraining current staff to ensure they possess appropriate skills and knowledge to deliver on their climate commitments and create resilience in a changing world. In today’s market, finding colleagues with certain green skills may be challenging with more demand for these skills than skilled workers available. In the Hot House scenario, there will be less pressure for decarbonisation but growing pressure for adaptation over the years, hence the risk will be moderate. The risk falls to low in the long term as by then, required skills become embedded within standard roles and practices as technologies mature or are replaced.

Management actions:

1. Continue to develop workforce planning and recruitment approaches to support evolving skills requirements, including engagement with specialist recruitment agencies where needed.
2. Retraining existing staff to be aligned with skills focused on climate transition, adaptation and resilience, decarbonisation, supplier engagement, regulatory affairs etc.

Potential opportunities: Development of low-carbon products will be an effective way to align with customers’ decarbonisation journeys and expand the Group’s market share.

MAGNITUDE OF IMPACT/SCORE NUMBER

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

Climate-related Financial Disclosure Regulations continued

Technology Risks – Low-carbon technologies not being developed

Low-carbon technologies required to support decarbonisation of operations and other elements of the supply chain may not be developed by the market at the pace or cost required to support delivery of the Group's transition pathway. This includes operational technologies to reduce energy and emissions at facilities, as well as the availability of lower-carbon materials and processes within the supply chain. This may delay the Group's net carbon zero journey and negatively impact the perception of the Group.

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

Scoring rationale: Under the Orderly scenario, the risk remains low across time horizons as low-carbon tech would continue to evolve and be more embedded in the Group's existing operational and efficiency measures to support decarbonisation. In the Disorderly scenario, the risk rises in the medium term because of unplanned and rapid growth of climate technology and policies. Under the Hot House scenario, the risk remains very low throughout because of low focus on deployment and cost reduction of certain low-carbon technologies and materials. Over the long term, the risk is assessed as low to very low across scenarios as technologies mature, industry adoption increases, or alternative pathways are identified and integrated into the Group's strategy.

Management actions:

1. Work collaboratively with industry groups to support the development of low-carbon technologies.
2. Continually engage with key suppliers to understand the availability of lower-carbon materials and production processes, and to assess potential impacts on cost and supply.

Potential opportunities: Deployment of low-carbon technologies across operations and the supply chain may offer savings on carbon pricing and improve brand perception.

MAGNITUDE OF IMPACT/SCORE NUMBER

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

Reputation Risks – Failure to achieve net zero

Failure to achieve the necessary footprint reductions to achieve net zero will impact how the Group is perceived in the market. Challenges: policy-driven, economic, and technical are likely to emerge on the journey to net zero. The inability to manage these challenges may cause reputational impacts that could undermine business resilience or long-term strategy.

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

Scoring rationale: Under the Orderly scenario, the Group's established governance, transition planning, and monitoring processes would keep the risk of misalignment with net zero relatively low. Within the Disorderly scenario in the medium term, the risk may rise if the firm is unable to adjust to aggressive market and policy shifts that prioritise net zero and decarbonisation.

Management actions:

1. Continue to maintain oversight of progress against emissions reduction targets and regularly review the firm's transition pathway.
2. Consider allocating CAPEX budgets to integrate proven low-carbon solutions into facilities and operations, where commercially viable.

Potential opportunities: Demonstrating credible progress towards net zero can strengthen stakeholder trust, support brand reputation, and enhance the Group's attractiveness to customers and investors, as expectations around climate performance continue to evolve.

Policy and Legal Risks – Increased regulation on waste disposal

Increased operating costs through increased regulation on waste disposal and materials used. These regulations include more stringent standards from the UK and EU. That includes the UK's Extended Producer Responsibility as well as the EU's Packaging and Packaging Waste Regulations. As society transitions to a low-carbon economy, governments may advance stricter requirements on waste disposal practices, packaging, and the use and management of regulated substances across manufacturing operations.

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

Scoring rationale: Regulation relating to waste disposal, packaging, and the management of regulated materials is expected to continue to evolve over the medium to longer term, particularly under an Orderly transition scenario. Across the Group, waste-related regulatory developments are assessed at a site level, with each operating company responsible for complying with the requirements of its relevant permits and regulatory regimes. Key areas of focus include environmental permitting, solvent and emissions management, packaging obligations, and hazardous substances controls at manufacturing sites. Given the Group's established environmental management systems, routine internal and external audits, and ongoing engagement with regulators, additional regulatory requirements are expected to be incremental and manageable.

Management actions:

1. Maintain compliance with applicable waste and environmental regulations through site-specific permitting, monitoring, and reporting processes.
2. Continue engagement with suppliers and regulators to manage evolving requirements, including changes to packaging regulation and chemical controls, and to ensure alignment with permit conditions.

Potential opportunities: Reduce exposure to future environmental legislation by continuing to evolve the existing practices of reducing waste and increasing usage of sustainable materials in entire supply chain. Simultaneously increase brand perception by developing sustainable practices within the business.

Policy and Legal Risks – Introduction of carbon taxes

Carbon pricing mechanisms introduced in different jurisdictions could lead to indirect cost impacts through higher input costs passed through by suppliers. As society transitions to a low-carbon economy, to tackle emissions from all industries, governments may expand the use of carbon pricing instruments, which could affect the cost base of certain materials and services within the supply chain.

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

Scoring rationale: Carbon pricing is expanding in markets where the Group operates including in Europe and Asia. Within the Orderly and Disorderly transition scenarios, we anticipate wider adoption of these mechanisms as governments strengthen policy responses to climate change. Under these scenarios, the price of carbon is expected to rise rapidly, with perhaps even more sudden rises in a disorderly transition, potentially increasing the cost of goods as well as inputs. Although the Group does not operate in an emissions-intensive industry, carbon pricing and tariffs could drive indirect costs, through raw material and energy prices.

Management actions:

1. Monitor developments in carbon pricing and related policy measures across key markets and assess potential implications for input costs within the supply chain.
2. Engage with suppliers to understand exposure to carbon pricing and manage any potential cost impacts through existing procurement and cost management processes.

Potential opportunities: Effectively managing carbon pricing may lead to a competitive advantage in markets where carbon prices are high, when compared to competitors with higher-emitting products.

MAGNITUDE OF IMPACT/SCORE NUMBER

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

Physical Risks – Impact of temperature variability on supply chain

Changes in temperature patterns and precipitation associated with climate change may place longer-term pressure on the Group’s supply chain. Temperature variability can affect the availability and cost of certain raw materials, as well as the efficiency of production processes and the reliability of logistics networks over time. Some inputs, such as cotton and linen are particularly sensitive to temperature and rainfall changes, which could contribute to increased cost volatility and potential sourcing difficulties.

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

Scoring rationale: Rising temperatures due to climate change may cause disruptions to the Group’s supply chain across the time horizons of the scenarios. They significantly rise in the Hot House scenario and continue to stay moderate due to continued temperature rise. Under the Orderly and Disorderly scenarios, the risk remains relatively low because of successful societal actions to mitigate climate change. These impacts may affect raw material availability, production efficiency, and logistics over time, but exposure is moderated by the factors that follow. The Group operates in a high-value luxury product category where incremental cost increases are more easily passed through to consumers. In addition, the Group has a geographically dispersed supply chain, reducing dependency on any single region.

Management actions:

1. Continue to maintain a diversified supply base in different geographic regions and ensure the resilience of the supply chain.
2. Conduct supplier engagement, where appropriate, to develop local mitigation actions to increase the resilience of existing suppliers.

Potential opportunities: Increasing the resilience of the supply chain ensures a stable supply of raw materials for production and reduces volatility risk.

Physical Risks – Impact of extreme weather events

Increased severity and frequency of extreme weather events, such as cyclones and flooding, could impact the Group’s own physical assets. Flooding events are expected to become more frequent in locations close to rivers, coastal regions, and areas exposed to extreme rainfall, especially warehouses located in the UK.

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

Scoring rationale: Extreme weather events present a growing physical risk across all scenarios, with impacts becoming more pronounced over time as climate change intensifies. In the short term, the impact on the Group’s own assets is assessed as low, reflecting the ability to manage isolated events through existing site-level controls, recovery measures, and insurance coverage. Over the medium term, particularly under Disorderly and Hot House scenarios, increasing frequency and severity of extreme weather events may lead to rising insurance premiums, more restrictive coverage terms, and greater management effort to maintain adequate protection for certain assets. Over the longer term, under a Hot House scenario, sustained physical climate impacts could result in significant increases in insurance costs and, in some locations, potential constraints on insurability. While the Group does not expect widespread asset impairment, the financial and operational implications associated with insurance availability and cost drive a higher long-term impact assessment under this scenario.

Management actions:

1. Maintain appropriate insurance coverage and regularly review insurance arrangements, premiums, and coverage terms in light of evolving physical climate risks.
2. Undertake a location-specific assessment of asset exposure to extreme weather risk and understand if further investment in flood defence systems is required.
3. Review asset protection measures and, where appropriate, consider changes to asset use or location where risks are assessed to be significant.

Potential opportunities: Improving asset resilience and proactively managing insurance exposure can help limit cost escalation, reduce downtime following extreme weather events, and support operational continuity over the longer term.

Climate-related Financial Disclosure Regulations continued

Physical Risks – Disruption to the supply chain

Increased severity and frequency of extreme weather events, such as cyclones, flooding, and extreme rainfall, could disrupt the Group's supply chain. Damage to supplier facilities, transport infrastructure, ports, and distribution networks may lead to delays in the procurement of goods and fulfilment of orders. As climate change increases the frequency and intensity of weather-related disruption, pressure on logistics networks and supplier continuity may rise across key sourcing and distribution regions.

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

Scoring rationale: Disruption to global supply chains from extreme weather events is expected to increase across all climate scenarios as the physical impacts of climate change intensify. In the short to medium term, disruption is low across scenarios, reflecting increasing frequency of weather-related events affecting suppliers and logistics networks, but with impacts generally manageable because of the dispersed supply chain. Under an Orderly transition, earlier mitigation efforts are expected to limit the severity of physical impacts, reducing longer-term disruption and resulting in a lower overall impact. Under a Disorderly transition, delayed and uneven climate action increases the likelihood of recurring disruption to transport and supplier infrastructure. Under the Hot House scenario, sustained temperature increases and more frequent, severe extreme weather events are expected to strain global logistics and supplier networks, increasing the likelihood of prolonged disruption and higher long-term impact.

Management actions:

1. Maintain a geographically diversified supply base to reduce reliance on any single region.
2. Review logistics, fulfilment, and procurement arrangements, including insurance coverage, to support supply continuity in the event of disruption.
3. Continue to engage with key suppliers to develop an understanding of climate-related risks and identify local mitigation measures where appropriate.

Potential opportunities: Developing supply chain resilience through the measures stated above supports continuity of sourcing and fulfilment during periods of disruption, helping protect revenues and maintain customer confidence as climate-related risks increase.

Climate resilience

Based on the outcomes of the climate risk and scenario analysis outlined above, the Group does not currently consider that climate change will significantly undermine the resilience of its business model or strategy across the Orderly, Disorderly, and Hot House scenarios, given existing mitigation measures and ongoing monitoring. The key climate-related risks identified relate primarily to physical impacts on the supply chain, including temperature variability, extreme weather events, and potential disruption to the availability and cost of raw materials. While the likelihood of such events remains relatively low in the short to medium term, the potential magnitude of impact could be higher under higher-warming scenarios.

The Group's resilience is supported by a geographically dispersed supplier base, ongoing supplier engagement, and active monitoring of supply chain risks. Climate and sustainability risks within the value chain are assessed using third-party tools, including lifecycle assessment and supply chain due diligence platforms, to understand environmental pressures such as emissions intensity and regional water stress associated with key materials. These insights support risk identification and inform mitigation actions across different climate scenarios.

As a manufacturer of printed fabric and wall-covering products, a key strategic focus is reducing the operational footprint of the business and strengthening supply chain resilience. Investment decisions prioritise low-carbon technologies, energy and water efficiency improvements, and supplier collaboration to address emissions and climate-related risks within the value chain. In parallel, the Group continues to explore alternative low-carbon energy solutions for heat-intensive processes, including hydrogen-based technologies, where commercially viable, to reduce reliance on fossil fuels over time. These actions support the Group's transition pathway and contribute to resilience under both transition and physical risk scenarios.

Physical climate risks, including flooding and extreme weather, are mitigated through site-level measures such as prior investment in flood defence systems and ongoing assessment of asset exposure. In parallel, the Group continues to build resilience within its supply chain by maintaining responsible sourcing practices for key materials, including cotton, which supports long-term supply availability and reduces exposure to climate-related disruption.

Overall, the Group's strategy and mitigation actions are designed to ensure resilience under a range of plausible climate futures, with continued development of climate risk analysis planned to strengthen the understanding of the business's ability to respond to evolving climate-related risks.

To develop climate resilience, our organisational strategy is informed by the Live Beautiful framework, of which a core principle 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

Risk management

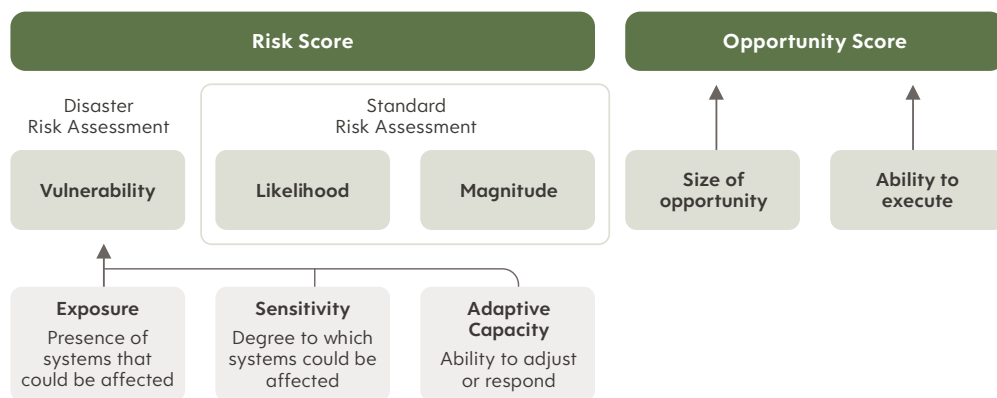
We have reviewed all risk and opportunity categories under the Climate-related Financial Disclosure Regulations across all our operations and supply chains to ensure that appropriate climate-related risks are considered. This assessment was conducted in FY2025, and the results were presented to the Board and senior management, along with detailed indicators of climate-related risks and their 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.

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

Risk and opportunity identification process

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



As detailed above, risks and opportunities were qualitatively assessed, scored, and ranked to determine their relevance and potential impact on the business.

Risk controls

The leadership team works closely with the Group Operations Director to identify and assess climate-related risks and opportunities, which are identified primarily at a group level through a structured governance process. Input from relevant functions is used to ensure site-level considerations are reflected where appropriate.

Climate-related risks are assessed by the Group Sustainability Manager and reviewed by the Group Head of Technical, Innovation and Sustainability, with financial implications considered by the Finance team. Identified risks and opportunities are consolidated and incorporated into the Group risk register. Where a risk is assessed as material, the Group Operations Director is assigned as risk owner and appropriate mitigation actions are implemented and reviewed through the enterprise risk management process.

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 FY2027.

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 and SBTi guidance.

Operationally, we are already using 100% renewable electric energy and are developing plans around reducing heating emissions. We are currently mapping out our supply chain to understand our full Scope 3 exposure. Based on this work, we are in the process of considering appropriate interim emissions reduction targets for the Group, especially around Scope 3, following our restructure.

We have the ultimate ambition of reaching net carbon zero for both our direct and indirect emissions. To support this ambition, the Group's LTIP always includes an environmental, social and governance ('ESG') target.

In addition, we will go 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 FY2027.

Performance measurement, metrics and targets

The Group's primary climate-related metrics relate to greenhouse gas ('GHG') emissions. The Group reports absolute Scope 1, Scope 2 and relevant Scope 3 emissions, with a baseline year of FY 2021. The FY 2021 baseline reflects the best available consolidated data at the time, recognising that reporting during this period was influenced by macroeconomic disruption related to COVID-19. The Group has been reporting Scope 1 and Scope 2 emissions since 2019. The Group has committed to achieving carbon net zero Scope 1 and Scope 2 emissions, alongside interim reductions in Scope 3 emissions. Progress is measured through absolute emissions reductions, supported by emissions intensity metrics where relevant. A minimum annual reduction of 5 percent in GHG emissions is required under the Planet Mark certification framework, against which performance is tracked. This requirement remains ongoing and is reviewed annually as part of the Group's emissions reporting and assurance processes.

At present, the Group does not operate a formal internal carbon price, nor has it established quantitative metrics to measure financial exposure to transition or physical climate risks. These risks are monitored through qualitative risk assessment processes, with management actions tracked through existing governance and operational oversight. Consideration of more granular metrics will be informed by the ongoing development of scenario analysis and data maturity.


The Group's LTIP granted in 2023, 2024, and 2025 is linked to the achievement of Planet Mark certification, including the requirement for annual GHG emissions reductions.

Principal Risks

The Group has put in place an ongoing process to identify, monitor and manage the risks faced by the Group. Risks within each section 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 FY2027
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"> Drive direct-to-consumer ('DTC') growth through the newly created Digital team led by our Group Digital & Innovation Director. Continue to expand licensing partnerships to further territories. Maximise return from high-profile collaborative collections for Sanderson and Morris.

KEY

 Risk level increased  Risk level maintained  Risk level decreased

Marketplace continued

Risk Category	Risk Description	Change	Controls to Mitigate	Focus for FY2027
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. The Group is broad-based and the design teams constantly monitor trends within and outside our marketplace. Review of all factory costs and profitability of each order placed through the factory. Regular review of factory performance and reporting back to the Board. 	<ul style="list-style-type: none"> Continued development of DTC as a revenue channel. Focus on the development of premium licensing partnerships. Continued use of factory pricing models to focus on customer profitability. Closely monitor further changes in US tariffs and consider if mitigating actions are required.

Financial

Risk Category	Risk Description	Change	Controls to Mitigate	Focus for FY2027
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. Continue to use hedging contracts with flexible close-out dates (as initiated in FY2026).

KEY

▲ Risk level increased ◀▶ Risk level maintained ▼ Risk level decreased

Principal Risks continued

Operational

Risk Category	Risk Description	Change	Controls to Mitigate	Focus for FY2027
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"> • Continued focus on dual sourcing to spread risk. • Development Sales and Operating Planning to match demand with raw material procurement. • Continued efficiency plans to reduced wastage.
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"> • Implementation of Human Capital Management system enabling more active management of talent and performance across the business. • Increased focus on our Values and Behaviours in recruitment, development and performance. • Roll-out of reward architecture across the business to support retention, development and trust. • High potential cohorts to be identified and supported with development programmes linked to commercial requirements.

KEY

▲ Risk level increased ◀▶ Risk level maintained ▼ Risk level decreased

Operational continued

Risk Category	Risk Description	Change	Controls to Mitigate	Focus for FY2027
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"> • Launch of new vendor assurance portal to enhance oversight of supplier compliance with local and international legislation.
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. • Update the environmental road map that sets out our ESG plans and aspirations.
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 including upweighting resource in this area.

KEY

▲ Risk level increased ▶▶ Risk level maintained ▼ Risk level decreased

Principal Risks continued

Operational continued

Risk Category	Risk Description	Change	Controls to Mitigate	Focus for FY2027
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 cybersecurity 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"> Build on our established security-first framework, including expanding our data security capabilities to specifically address sophisticated threats, such as advanced measures to prevent data exfiltration. Actively widen our security accreditation portfolio to independently validate that our controls and compliance standards continue to exceed industry expectations.

The Strategic Report was approved by the Board on 28 April 2026.



Lisa Montague
 Chief Executive Officer
 28 April 2026

KEY
 ▲ Risk level increased ▶▶ Risk level maintained ▼ Risk level decreased

Governance Report

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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 Proctor & 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, 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 Chair of the Queen Elizabeth Scholarship Trust, a charity that supports the training and education of aspiring craftspeople, and a Non-Executive Director of Walpole, the official body representing the UK luxury industry.



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.

KEY

- Audit Committee
- Remuneration Committee
- Nomination Committee
- C Chair

Group Leadership Team



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.



Charlotte O'Sullivan
Group Digital & Innovation Director

Charlotte joined the Group in January 2026 as Group Digital & Innovation Director, bringing extensive experience in digital transformation, direct-to-consumer strategy and omnichannel growth. She has held senior marketing and digital leadership roles at Chloé and Mulberry and is passionate about using technology and customer-centric thinking to unlock growth and deliver long-term business value.



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.



Claire Vallis
Group Design Director

Claire has been with the Group for over 30 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.



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.

Corporate Governance



“

The Board is committed to ensuring high standards of governance.

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 2023 (the 'QCA Code') provides the most appropriate framework of governance arrangements for a public company of our size and complexity.

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 [sandersondesign.group](https://www.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 2026 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.

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 during the year, with Board meetings taking place at the sites, giving 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.

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 68 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.

Attendance at meetings of the Board and its committees

	Board	Audit Committee	Remuneration Committee	Nomination Committee
Total Number of Meetings	10	3	4	0
Meetings attended				
D Thompson	10/10	3/3	4/4	–
J Stacey	10/10	3/3	4/4	–
P Lewis	10/10	3/3	4/4	–
L Montague	10/10	–	–	–
M Woodcock	10/10	–	–	–

The Board scheduled 10 meetings during the year and additional meetings were convened to deal with specific matters and approval of the financial results.

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.

Nomination Committee

The Nomination Committee is responsible for leading the process in the selection and appointment of Directors and ensuring plans are in place for an orderly succession of Board and senior management positions. 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.

Corporate Governance continued

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, external audit functions, and internal financial control. Further details of the work of the Committee are contained in the Audit Committee Report on page 65.

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 FY2025.

The findings were presented to the Board at its meeting in March 2026. 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 collaborative relationship of the Board, the work conducted by the Committees, and the high-quality of information to support the decision-making process were all rated as strengths.

The Board agreed to focus on several actions over the course of FY2027 to enhance current practice. Firstly, the Board will continue to engage with its shareholders on key matters such as strategy, capital allocation and executive remuneration. Secondly, further reviews on risk management will take place to deepen the understanding of key and emerging risks, including cybersecurity, and digital markets. Finally, additional consideration will be given to the ESG strategy as the Group moves towards a low-carbon and resource-smart future.

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 (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



Dear shareholder,

I am pleased to present to you the report of the Nomination Committee for the year ended 31 January 2026.

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.

Roles and responsibilities

The role of the Committee 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:

- Be responsible for leading the process in the selection and appointment of Directors, and ensuring plans are in place for an orderly succession of Board and senior management positions.
- Identify and nominate for the approval of the Board, candidates for Board vacancies.
- Identify possible internal candidates for future Board roles.

The full terms of reference for the Committee, which were last reviewed in March 2026, can be found on the Company’s website.

Meetings

The Committee generally meets as required. During FY2026, the Committee did not hold a formal meeting. There have not been any changes to Board composition in FY2026.

Where meetings are held, they 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.

We welcome feedback from shareholders on our report and there will be an opportunity to ask me questions about the activities of the Committee at our 2026 AGM.

Dame Dianne Thompson

Chair of the Nomination Committee
28 April 2026

Directors' Remuneration Report



Dear shareholder,

I am pleased to present to you the report of the Remuneration Committee for the year ended 31 January 2026.

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.

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.

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.

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, Chief Financial Officer and the Group People Director are invited to attend meetings of the Committee, 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 2026, the Committee agreed for the following to be effective from 1 February 2026:

- an uplift for all Real Living Wage colleagues in line with the rates announced by the Living Wage Commission;
- average pay increases of 3% across UK and Europe, with a 4% increase in USA, to align with market and inflationary conditions; and
- a continuation of the all-employee bonus scheme enabling colleagues to share in the Company's success with an element of variable pay.

Introduction of Performance share plan

During the year the Committee reviewed the approach to the long-term, share-based incentive used to incentivise our senior leaders. The Restricted Share Plan (“RSP”) currently in place was introduced following a review of our executive remuneration framework in 2020, at which time it was felt that the characteristics of restricted shares better supported the business in its execution of the strategy.

As discussed elsewhere in the annual report, we have launched our new 5-year strategic plan. The Committee believes that it is critical that our remuneration arrangements are aligned to our strategic plan and directly reward participants for delivering the strategy. It is therefore proposed that from FY2027 onwards, a Performance Share Plan (“PSP”) is introduced in place of the RSP. The PSP will be delivered in shares which are subject to stretching performance targets set by the Committee. The Committee believes that a performance-based scheme will provide increased alignment of the management team with shareholders and will incentivise delivery of the strategy and the creation of long-term, sustainable shareholder value.

Award opportunities have been set at 150% and 130% of salary for the CEO and CFO respectively. The award opportunity was determined in line with best practice when converting from RSP to PSP awards, with the PSP opportunity set at twice the previous RSP level to reflect the stretching performance conditions attached to awards. The Committee considers that the award opportunities are appropriate and in line with market practice for a company of our size and complexity.

2026 awards will be measured against stretching adjusted Profit Before Tax (50% weighting) and cumulative adjusted Free Cash Flow (50% weighting) targets. These measures are considered to be key components of the strategy, driving bottom-line profitability, whilst maintaining a focus on working capital and operational efficiency.

The Committee did consider using a relative TSR metric. However, it was not considered possible to construct a sufficiently relevant and robust peer group to use for performance comparison. For full details of targets which apply to 2026 awards, see the Policy table on the following pages.

In addition, the Executive Directors have committed to retain any vested shares (net-of-tax) for two years following vesting.

Incentive outturns during the year

The Chief Executive Officer’s and the Chief Financial Officer’s maximum bonus potential for the year ended 31 January 2026 was 100% of base salary. Bonus achievement was linked to performance against underlying profit targets. Following achievement of 67% against the underlying profit targets, the Chief Executive Officer was awarded a bonus of £256,000 and the Chief Financial Officer awarded £149,000.

The 2023 RSP award is due to vest on 02 June 2026. A final decision on the outcome will be made prior to the vesting of the award, and is estimated to be in the range of 40% to 60%. For illustrative purposes, an award of 50% based on the average price during the three month period to 31 January 2026 of 44.8p would equate to £50,000 for the Chief Executive Officer and £19,000 for the Chief Financial Officer.

We welcome feedback from shareholders on our report and there will be an opportunity to ask me questions about the activities of the Committee at our 2026 AGM. In line with best practice the Board has elected to submit this Directors’ Remuneration Report to shareholders for an advisory vote at our 2026 AGM. I look forward to receiving your support for the report.

Patrick Lewis

Chair of the Remuneration Committee
28 April 2026



Directors' Remuneration Report continued

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 table below sets out a summary of the Group's remuneration policy for the Executive Directors. As discussed earlier, the main change for FY2027 is the replacement of the RSP with a Performance Share Plan ("PSP").

Element (purpose and link to strategy)	Operation	Opportunity	Performance metrics	Implementation for FY2027
Base salary				
To reflect size and scope of the role and individual's performance and contribution.	<p>Normally reviewed on an annual basis, in February.</p> <p>Payable in cash.</p> <p>The Committee reviews base salaries with reference to:</p> <ul style="list-style-type: none"> • the size and scope of the individual's roles; • the individual's performance and experience; • business performance and the external economic environment; • market practice at other companies of a similar size and complexity; and • salary increases across the Group. 	<p>There is no maximum salary increase.</p> <p>The Committee retains discretion to make appropriate adjustments to salary levels to ensure they remain appropriate in the context of the size and scope of the role and the size and complexity of the business.</p>	<p>Company and individual performance are considered when setting Executive Director base salaries.</p>	<p>Base salaries will be increased by 3%, in line with the UK workforce, with effect from 1 February 2026, to:</p> <p>CEO – £386,684</p> <p>CFO – £229,500</p>
Pension				
To provide a market competitive pension	<p>Executive Directors may participate in the Group pension scheme, or receive a cash allowance in lieu of participation.</p> <p>Salary is the only element of remuneration that is pensionable.</p>	<p>Maximum contribution in line with the policy for other employees in the Group – currently 4% of salary.</p>	<p>Not performance related.</p>	<p>Maximum contribution in line with the policy for other employees in the Group – 4% of salary.</p>
Benefits				
To provide market competitive benefits.	<p>Benefits may include car allowance and private health insurance.</p> <p>Other benefits may be introduced as appropriate and include relocation and other expatriate benefits.</p>	<p>Benefits vary by role and individual circumstances.</p> <p>Eligibility and cost are reviewed periodically.</p>	<p>Not performance related.</p>	<p>No changes.</p>

Element (purpose and link to strategy)	Operation	Opportunity	Performance metrics	Implementation for FY2027
Annual bonus				
<p>To incentivise the delivery of annual financial performance and the achievement of strategic business priorities, thus delivering value to shareholders.</p>	<p>Performance is measured on an annual basis for each financial year.</p> <p>Performance measures are reviewed prior to the start of the year to ensure they remain appropriate and align with the business strategy.</p> <p>Stretching targets are set.</p> <p>At the end of the year the Committee determines the extent to which these were achieved.</p> <p>Awards are paid in cash.</p> <p>Clawback (of any bonus paid) provisions apply.</p>	<p>Maximum opportunity of 100% of salary.</p>	<p>Performance measures are selected, and their respective weightings may vary from year to year, depending on financial and strategic priorities. Measures may include personal performance objectives.</p> <p>The Committee has discretion to adjust the formulaic bonus outcome both upwards (within the policy limits) and downwards to ensure alignment of pay with the underlying performance of the business over the financial year.</p>	<p>Bonus opportunity of 100% of salary for the CEO and CFO.</p> <p>Bonus based on adjusted PBT performance versus targets set and individual performance objectives.</p>
Performance Share Plan				
<p>To drive sustained long-term performance that supports the creation of shareholder value.</p>	<p>Annual awards of shares or nil-cost options may be made to participants.</p> <p>Award levels and performance conditions are reviewed before each award cycle to ensure they remain appropriate.</p> <p>Awards will normally have a minimum vesting period of three years.</p> <p>Executive Directors have committed to retain any vested shares (net-of-tax) for two years</p> <p>Dividend equivalents may accrue on LTIP awards and are paid on those shares which vest.</p> <p>Malus (of any unvested LTIP) and clawback (of any vested LTIP) provisions apply.</p>	<p>Maximum awards opportunities of:</p> <p>CEO – 150% of salary</p> <p>CFO – 130% of salary</p> <p>The Committee reserves the right to review the maximum opportunity to ensure that the overall remuneration package remains competitive.</p> <p>Under each measure, threshold performance will normally result in vesting of 25% of maximum, with 50% vesting for on-target performance.</p>	<p>Vesting of PSP awards is subject to Company performance and continued employment.</p> <p>The Committee has discretion to adjust the formulaic PSP outcome both upwards (within the policy limits) and downwards to ensure alignment of pay with the underlying performance of the business over the performance period.</p>	<p>2026 PSP awards to be granted in respect of FY2027, with maximum opportunities of:</p> <p>CEO – 150% of salary</p> <p>CFO – 130% of salary</p> <p>50% based on adjusted PBT in FY2029 and 50% on three-year cumulative adjusted FCF performance.</p>

Directors' Remuneration Report continued

Notes to the Policy table

Shareholding guidelines

The Committee continues to recognise the importance of Executive Directors aligning their interests with shareholders through building up significant shareholdings in the Company. To align with best practice, a shareholding guideline of 100% salary for Executive Directors is in place. Executive Directors are required to retain at least 50% (net of tax) of any shares delivered from incentive schemes.

Director contracts

Executive Directors have contracts with an indefinite term providing for a maximum of one year's notice.

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.

All Non-executive Directors have service contracts with a three-year initial term subject to a six-month notice provision. 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.

Non-executive Director Policy table

Element (purpose and link to strategy)	Operation	Opportunity	Performance metrics	Implementation for FY2027
Fees				
To attract and retain Non-executive Directors of the highest calibre with broad commercial and other experience relevant to the Company.	<p>The Chair and Non-executive Directors receive a basic fee for their respective roles.</p> <p>Additional fees may be payable to Non-executive Directors for additional services, such as Chair of any of the Board's Committees, etc.</p> <p>Fee levels are reviewed from time to time against similar roles at comparable companies, taking into account time, commitment and responsibility of the role, with any adjustments normally effective 1 February in the year following review.</p> <p>The fees paid to the Non-Executive Directors are determined by the Board with no Director involved in the setting of their own pay or the pay of an equivalent role.</p>	There is no maximum fee increase.	Not performance related.	<p>Chair and Non-executive Director fees increased by 3%, line with the UK workforce, with effect from 1 February 2026, to:</p> <p>Chair – £127,484</p> <p>Non-executive Director – £52,152</p> <p>Additional fees for chairing a Board Committee are unchanged at £5,000 per Committee.</p>

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 2026.

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 2026	Salary £000	Bonus £000	RSP* £000	Benefits £000	Pension or cash equivalent £000	Total £000
Executive Directors:						
Lisa Montague	383	256	50	17	23	729
Mike Woodcock	223	149	19	2	10	403
Non-executive Directors:						
Dianne Thompson	124	–	–	–	–	124
Juliette Stacey	56	–	–	–	–	56
Patrick Lewis	56	–	–	–	–	56
	842	405	69	19	33	1,368

* The RSP column provides the value of the 2023 RSP award, based on the average share price during the three-month period to 31 January 2026 of 44.8p. A final decision on the outcome will be made prior to the vesting of the award, and is estimated to be in the range of 40% to 60%. An award of 50% has been used for the purposes of these calculations. The awards will vest following the end of three years from the date of grant and be released 40% on 02 June 2026, 40% on 02 June 2027 and 20% on 02 June 2028.

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	10	249
Non-executive Directors:						
Dianne Thompson	124	–	–	–	–	124
Christopher Rogers	56	–	–	–	–	56
Juliette Stacey	56	–	–	–	–	56
Patrick Lewis	51	–	–	–	–	51
	893	–	51	19	33	996

* 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 vest in three tranches, with the first tranche of 40% having taken place on 30 May 2025. A further 40% will be released on 30 May 2026 and 20% on 30 May 2027.

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.

Annual bonus for the year ended 31 January 2026

The Chief Executive Officer's and the Chief Financial Officer's maximum bonus potential for the year ended 31 January 2026 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. Following achievement of 67% against the underlying profit targets, the Chief Executive Officer was awarded a bonus of £256,000 and the Chief Financial Officer awarded £149,000.

RSP awards

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

2020 RSP award

The third, and final, tranche of the RSP award granted in 2020 vested on 11 November 2025. 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 third tranche of the vesting was 45.5p.

Directors' Remuneration Report continued



2021 RSP award

The second tranche of the RSP award granted in 2021 vested on 14 June 2025. 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 second tranche of vesting was 45.5p.

2022 RSP award

The RSP award granted in 2022 vested on 30 May 2025. 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 share price at the time of the first tranche of vesting was 42.5p.

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

2023 RSP award

The performance underpins for the 2023 award were based on the Net Cash generated from operations achieved for the relevant measurement period, USA Sales, 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.

The Remuneration Committee will assess the performance against the underpin conditions up to 31 January 2026, and determine the outcome of this award prior to the vesting in June 2026.

The award will vest following the end of the three years from the date of grant, with 40% released on 2 June 2026. A further 40% will be released on 2 June 2027 and 20% on 2 June 2028.

Directors' LTIP awards

	Date of grant*	Share price at grant	Exercise price	Maximum outstanding awards at 1 February 2025	Granted in year	Exercised in year	Lapsed in year	Maximum outstanding awards at 31 January 2026
L Montague	11/11/2020	68.0p	nil	65,812		65,812		0
L Montague	14/06/2021	175.0p	nil	52,452		34,968		17,484
L Montague	30/05/2022	140.8p	nil	188,366		24,864	126,205	37,297
L Montague	02/06/2023	123.5p	nil	223,391				223,391
L Montague	29/05/2024	105.3p	nil	272,481				272,481
L Montague	06/06/2025	46p	nil	0	623,746			623,746
M Woodcock	30/05/2022	140.8p	nil	73,138		9,654	49,002	14,482
M Woodcock	02/06/2023	123.5p	nil	86,737				86,737
M Woodcock	29/05/2024	105.3p	nil	137,536				137,536
M Woodcock	06/06/2025	46p	nil	0	314,839			314,839

* 2020, 2021, 2022, 2023, 2024 and 2025 awards were made under the Restricted Share Plan.

The performance underpins for the 2024 and 2025 award are based on cash generated from operations, profitable revenue growth in the USA, and environmental targets.

Subject to the achievement of underpins, the 2024 awards will be released 40% on 29 May 2027, 40% on 29 May 2028 and 20% on 29 May 2029; and for the 2025 awards, 100% will vest on 6 June 2028.

Director shareholdings

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 2026 Lisa Montague's shareholding of 574,224 shares equates to 67.5% of salary based on the average share price during the three-month period to 31 January 2026 of 45p. Mike Woodcock's shareholding as at 31 January 2026 was 9,654 shares, which equates to 1.95% of salary based on the average share price during the three-month period to 31 January 2026 of 45p.

Directors' Remuneration Report continued

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 2026 Number	1p ordinary shares 31 January 2025 Number
D Thompson	36,062	36,062
L Montague	641,021*	504,688*
M Woodcock	9,654	0
J Stacey	11,086	0
P Lewis	44,571	0

* Of which 66,797 shares are held by a spouse.

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 7.34%.

Total Shareholder Return index for the five financial years ending 31 January 2026



Patrick Lewis

Chair of the Remuneration Committee

28 April 2026



Audit Committee Report



Dear shareholder,

I am pleased to present to you the report of the Audit Committee for the year ended 31 January 2026.

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. The main responsibilities of the Audit Committee are to ensure that:

- The annual report and accounts, related internal control disclosures and any other publicly available financial information are reviewed and scrutinised.
- External audit arrangements are appropriate and effective.
- The need for an internal audit function is reviewed annually.
- Internal controls are capable of identifying, assessing, managing and monitoring risks.
- There is adequate oversight of risk management systems and that assurance is provided that risk management processes are sufficiently robust.
- Compliance arrangements are appropriate and effective.
- Fraud prevention and whistleblowing arrangements are established which minimise the potential for fraud, financial impropriety and enable colleagues to raise concerns in confidence about possible wrongdoing.

The full terms of reference for the Committee can be found on the Company's website and were last reviewed and updated in March 2026.

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 year to January 2026.

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.

During the year, the Committee held private sessions 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.

Audit Committee Report continued

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 on page 72.

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 relating to tax compliance, risks, governance and advisory services. During the year, the Company changed their tax advisors from KPMG to Grant Thornton.

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 71 to 76.

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 2026, there was a surplus of assets over liabilities of £3.3m (FY2025: £2.3m). 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

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 any intangible and 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 11.50% (2025: 12.00%). The discount rate used is the same across all segments. As a result of this testing, we have not identified any required impairments.

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 was 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 fifth 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 lead audit engagement partner changed during the year to Jon Gilpin.

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.

We welcome feedback from shareholders on our report and there will be an opportunity to ask me questions about the activities of the Committee at our 2026 AGM.

Juliette Stacey

Chair of the Audit Committee
28 April 2026

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 2026. The Strategic Report on pages 2 to 48 is incorporated by reference and deemed to form part of this report.

Group result

Reported profit before taxation amounted to £3.1m (FY2025: loss £13.9m).

Dividend

The Directors recommend payment of a final ordinary dividend of 1.00p per share (excluding dividends on shares held by the employee benefit trust) which will be recognised in the financial statements for the following year (FY2025: 1.00p per share). Subject to shareholders' approval at the Annual General Meeting ('AGM') the final dividend is expected to be paid on 7 August 2026 to shareholders on the register at 10 July 2026, with an ex-dividend date of 9 July 2026.

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 continuing inflationary pressures and high interest rates) and a lack of consumer confidence 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 28.

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.



Report of the Directors continued

Directors

The Board of Directors who served during the year ended 31 January 2026 and up to the date of reporting was as follows:

Name	Position	Date	Committees*
Dianne Thompson	Non-executive Director and Chairman	From 01.02.2025	  
Juliette Stacey	Non-executive Director	From 01.02.2025	  
Patrick Lewis	Non-executive Director	From 01.02.2025	  
Lisa Montague	Executive Director, CEO	From 01.02.2025	
Mike Woodcock	Executive Director, CFO	From 01.02.2025	

* Bold type 'C' denotes Committee Chair.

Details of the Directors' service contracts are set out in the Directors' Remuneration Report on page 60. 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 2026 AGM, all of the Directors will retire and offer themselves for re-election.

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 2026 Number	1p ordinary shares 31 January 2025 Number
D Thompson	36,062	36,062
L Montague	641,021*	504,688*
M Woodcock	9,654	0
J Stacey	11,086	0
P Lewis	44,571	0

* Of which 66,797 shares are held by a spouse.

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 (2025: £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 1 July 2026. 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 72,264,620 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 2025, the Directors were authorised to allot ordinary shares up to a nominal value of £237,583.01 and were further authorised to make market purchases of up to 7,199,485 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 7 April 2026, 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 72,264,620 ordinary 1p shares allotted, called and fully paid up.

	7 April 2026
LBV Asset Management	10.03%
FIL Investment International	9.81%
Octopus Investments	8.35%
TrinityBridge	7.36%
Hargreaves Lansdown	7.16%
Interactive Investor	6.86%
BGF Investments	5.96%
Charles Stanley	4.10%
A J Bell Securities	3.17%

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.

KEY

-  Audit Committee
-  Remuneration Committee
-  Nomination Committee
-  Chair

Statement of Directors' Responsibilities

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

28 April 2026

Registered Office

Voysey House,
Sandersons Lane,
London, W4 4DS

Registered number 00061880

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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 2026 and of the Group's profit and the Group's cash flows 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 2026 which comprise of the following:

Group	Parent Company
Consolidated Income Statement	
Consolidated Statement of Comprehensive Income	
Consolidated Balance Sheet	Company Balance Sheet
Consolidated Cash Flow Statement	
Consolidated Statement of Changes in Equity	Company Statement of Changes in Equity
Notes to the Consolidated Financial Statements	Notes to the Company Financial Statements
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 regard 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.

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

Overview

Key audit matters	2026	2025
Inventory valuation and adequacy of inventory provision	✓	✓
Revenue recognition of Accelerated licensing income	✓	
Impairment of goodwill		✓
Impairment of goodwill is no longer considered to be a key audit matter because the goodwill balance was fully impaired in FY25.		
Revenue recognition of Accelerated Licensing income is considered to be a key audit matter for year ended 31 January 2026 due to the significance of the revenue stream in Group's financial performance.		
Materiality	<i>Group financial statements as a whole</i>	
	£475,000 (2025: 400,000) based on 0.5% of revenue (2025: 5% of 3-year average profit before tax and impairment charges)	

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. 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 Risk of Material Misstatements 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.

How Climate change affected the scope of our audit

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 page 36 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.

Key audit matter	How the scope of our audit addressed the key audit matter
<p>Inventory valuation and adequacy of inventory provision</p> <p><i>(see accounting policies, critical accounting estimates and judgements in Note 3 (c) and Note 16 Inventories)</i></p>	<p>The Group has inventory balances of £21.5m which is stated net of material provisions. These provisions are 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.</p> <p>There is management judgement in relation to the inventory provisioning methodology.</p> <p>There is a significant amount of judgement involved in determining an appropriate basis of inventory value, specifically the provision for unrealised profit adjustment. 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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>We considered the results of the procedures above and concluded whether the accounting treatment was consistent with the requirements of IAS 2 <i>Inventories</i>.</p> <p>Key observations:</p> <p>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.</p>
<p>Revenue recognition of accelerated licensing income</p> <p><i>(see accounting policies, Revenue in Note 1)</i></p> <p><i>Total licencing income for the year was £10.5m as per note 4a, of which Accelerated licencing income accounted for £6.1m (FY25: £7.3m of £11m total licencing income)</i></p>	<p>In accordance with IFRS 15, “Revenue from Contracts with Customers,” management has recognised licensing revenue based on the terms of signed contracts.</p> <p>Due to the application of IFRS 15 resulting in minimum guaranteed revenue being recognised on signing of contract, the revenue profile can be uneven and has the potential to materially impact the Group’s financial performance.</p> <p>Given the significant impact on the financial statements and the manual nature of management’s processes, the recognition of accelerated licensing revenue has been identified as a key audit matter.</p> <p>We obtained management’s licencing income calculations and tested the mathematical accuracy of the calculations and verified that the key inputs to the calculations were appropriately included in the workings.</p> <p>We considered the appropriateness of the discount rate applied by management in computing the fair value of revenue recognised. We agreed the underlying rate to the Bank of England interest rate and checked that the increase was consistently applied as per the policy in place.</p> <p>We selected a sample of signed licencing contracts entered into during the year, and agreed the key terms per the contract to management’s calculations of accelerated licencing income. Key contract terms included the date the contract was entered into, royalty rates applicable, minimum contract revenue and timing of cash flows.</p> <p>We recalculated the accelerated licencing income for our sample of contracts to assess the reasonability of revenue recognised by management.</p> <p>We checked that relevant disclosures within the financial statements complied with the requirements of IFRS 15.</p> <p>Key observations:</p> <p>Based on the work performed, recognition of accelerated licensing income appears to be reasonable.</p>

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.

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

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	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Materiality	475	400	238	200
Basis for determining materiality	0.5% of annual revenue.	5% rounded 3 year average profit before tax and impairment charges	50% of Group materiality	50% of Group materiality
Rationale for the benchmark applied	Based on the benchmarks used in the annual report, revenue is the most consistent measure used by the stakeholders in assessing the performance of the group, is a generally accepted auditing benchmark and given fluctuations in profit measures (both underlying and statutory) has been deemed the most appropriate benchmark to adopt in the current year.	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	356	300	178	150
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% (2025: 40% and 80%) 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 £142,500 to £285,000 (2025: £120,000 to £240,000).

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £23,750 (2025: £8,000). 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.

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.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Parent Company and management.

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 an 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 principle of 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.

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

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 meetings 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 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 deemed 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 significant contracts entered into in January 2026 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;
 - review of transfer prices applied on a sample of intra-group revenue transactions to verify that arm's length prices had been applied;
 - reperforming the calculation of accelerated income on all contracts such that an immaterial amount remained untested; and

- 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.

Jonathan Gilpin

(Senior Statutory Auditor)

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

Date: 28 April 2026

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

Consolidated Income Statement

Year ended 31 January 2026

	Note	2026 £000	2025 £000
Revenue	4	99,481	100,388
Cost of sales		(30,766)	(31,946)
Gross profit		68,715	68,442
Net operating income/(expenses):			
Distribution and selling expenses		(24,368)	(25,695)
Administration expenses		(44,812)	(44,858)
Impairment of intangible assets		–	(16,250)
Other operating income	5	2,994	4,010
Profit/(loss) from operations	4–6	2,529	(14,351)
Finance income		1,426	1,057
Finance costs		(825)	(586)
Net finance income	7	601	471
Profit/(loss) before tax		3,130	(13,880)
Tax expense	10	(982)	(1,356)
Profit/(loss) for the year attributable to owners of the parent		2,148	(15,236)
Earnings/(loss) per share – Basic	12	2.98p	(21.22)p
Earnings/(loss) per share – Diluted	12	2.87p	(21.22)p
Adjusted earnings per share – Basic*	12	5.39p	3.92p
Adjusted earnings per share – Diluted*	12	5.19p	3.83p

* These are alternative performance measures as defined in the Glossary on page 111.

All of the activities of the Group are continuing operations.

The notes on pages 81 to 102 form an integral part of the consolidated financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 January 2026

	Note	2026 £000	2025 £000
Profit/(loss) for the year		2,148	(15,236)
Other comprehensive income/(expense):			
Items that will not be reclassified to profit or loss			
Deferred tax charge relating to pension scheme liabilities	11	(238)	(801)
Corporation tax credit relating to pension scheme contributions	10	125	970
Remeasurements of defined benefit pension schemes	20	454	(367)
Investment-related defined benefit pension costs	20	(1)	(305)
Cash flow hedge		72	(45)
Total items that will not be reclassified to profit or loss		412	(548)
Items that may be reclassified subsequently to profit or loss			
Currency translation differences		(522)	58
Other comprehensive expense for the year, net of tax		(110)	(490)
Total comprehensive income/(loss) for the year attributable to the owners of the parent		2,038	(15,726)

The notes on pages 81 to 102 form an integral part of the consolidated financial statements.

Consolidated Balance Sheet

As at 31 January 2026

	Note	31 January 2026 £000	31 January 2025 £000
Non-current assets			
Intangible assets	13	10,387	10,901
Property, plant and equipment	14	10,881	12,938
Right-of-use assets	15	9,719	10,588
Retirement benefit surplus	20	3,260	2,310
Minimum guaranteed licensing receivables		12,553	11,299
		46,800	48,036
Current assets			
Inventories	16	21,465	27,201
Trade and other receivables	17	13,133	12,900
Minimum guaranteed licensing receivables		4,442	2,999
Financial derivative instruments	21	53	-
Corporation tax receivable		1,086	251
Cash and cash equivalents		9,808	5,814
		49,987	49,165
Total assets		96,787	97,201
Current liabilities			
Trade and other payables	18	(11,038)	(12,837)
Corporation tax payable		(131)	-
Lease liabilities	15	(2,977)	(1,988)
Financial derivative instruments	21	-	(19)
Provision for liabilities and charges	19	(122)	(733)
		(14,268)	(15,577)
Net current assets		35,719	33,588

	Note	31 January 2026 £000	31 January 2025 £000
Non-current liabilities			
Lease liabilities	15	(8,355)	(9,244)
Deferred income tax liabilities	11	(3,274)	(2,679)
Provision for liabilities and charges	19	(974)	(969)
		(12,603)	(12,892)
Total liabilities		(26,871)	(28,469)
Net assets		69,916	68,732
Equity			
Share capital	22	723	720
Share premium account		18,682	18,682
Retained earnings		11,237	9,534
Other reserves	23	39,274	39,796
Total equity		69,916	68,732

The financial statements on pages 77 to 102 were approved by the Board of Directors on 28 April 2026 and signed on its behalf by



Lisa Montague
Director



Mike Woodcock
Director

Registered number: 61880

Consolidated Cash Flow Statement

Year ended 31 January 2026

	Note	2026 £000	2025 £000
Cash flows from operating activities			
Profit/(loss) from operations		2,529	(14,351)
Intangible asset amortisation	13	987	806
Impairment of intangible assets	13	–	16,250
Property, plant and equipment depreciation and impairment	14	2,194	2,341
Right-of-use asset depreciation	15	2,439	2,392
Share-based payment charge	22	236	245
Defined benefit pension charge	20	660	554
Employer contributions to pension schemes	20	(1,010)	(4,369)
Decrease/(increase) in inventories		5,736	(495)
(Increase)/decrease in trade and other receivables		(362)	1,091
Increase in minimum guaranteed licensing receivables		(1,438)	(3,991)
Decrease in trade and other payables		(1,781)	(1,206)
(Decrease)/increase in provision for liabilities and charges		(606)	15
Tax paid		(1,188)	(1,340)
Net cash from/(to) operating activities		8,396	(2,058)
Cash flows from investing activities			
Finance income received	7	20	134
Purchase of intangible assets	13	(473)	(1,262)
Purchase of property, plant and equipment	14	(187)	(2,824)
Net cash used in investing activities		(640)	(3,952)
Cash flows from financing activities			
Repayment of lease liabilities	15	(2,186)	(1,854)
Capitalisation of lease acquisition costs		–	(355)
Interest paid	7	(64)	(30)
Dividends paid	24	(1,082)	(2,333)
Net cash used in financing activities		(3,332)	(4,572)
Net increase/(decrease) in cash and cash equivalents		4,424	(10,582)
Net foreign exchange movement		(430)	54
Cash and cash equivalents at beginning of year		5,814	16,342
Cash and cash equivalents at end of year		9,808	5,814

The notes on pages 81 to 102 form an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity

Year ended 31 January 2026

	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 2025		720	18,682	9,534	39,796	68,732
Profit for the year		-	-	2,148	-	2,148
Other comprehensive income/(expense):						
Remeasurements of defined benefit pension schemes	20	-	-	454	-	454
Deferred tax charge relating to pension scheme assets	11	-	-	(238)	-	(238)
Corporation tax credit relating to pension scheme contributions	10	-	-	125	-	125
Investment-related defined benefit pension costs	20	-	-	(1)	-	(1)
Cash flow hedge		-	-	72	-	72
Currency translation differences		-	-	-	(522)	(522)
Total comprehensive income/(loss):		-	-	2,560	(522)	2,038
Transactions with owners, recognised directly in equity:						
Dividends	24	-	-	(1,082)	-	(1,082)
Issuance of share capital for share-based payment vesting		3	-	(3)	-	-
Share-based payment equity charge	22	-	-	213	-	213
Related tax movements on share-based payment		-	-	15	-	15
Balance at 31 January 2026		723	18,682	11,237	39,274	69,916

	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		-	-	(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

The notes on pages 81 to 102 form an integral part of the consolidated financial statements.

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 July 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 (2025: £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 2026 was £19.8m (2025: £15.8m), including cash and cash equivalents of £9.8m (2025: £5.8m) and the committed facility of £10.0m (2025: £10.0m). The Group has access to an uncommitted accordion facility of £7.5m (2025: £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 forecast cash flows have been further analysed to determine the breaking point, being the point at which the Group would either run out of cash or breach a covenant. The scenario required to get to this breaking point is considered highly unlikely and in addition the analysis did not include additional mitigations that are available to the Directors in such a scenario.

The actual results that 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 will act decisively to protect the business, particularly its cash position.

In light of the 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 15 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 2026

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:

- Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7).

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);
- 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.

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 103 to 110).

Notes to the Consolidated Financial Statements continued

1. Accounting policies and general information continued

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 distributor and 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 pounds 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.

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.

1. Accounting policies and general information *continued*

Intangible assets – collection design *continued*

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.

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;

Notes to the Consolidated Financial Statements continued

1. Accounting policies and general information continued

Financial assets and liabilities – measurement basis continued

- ‘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; 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 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.

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.

1. Accounting policies and general information *continued*

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.

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.

Notes to the Consolidated Financial Statements continued

2. Financial risk management continued

a) Foreign exchange risk continued

For the year ended 31 January 2026, the average sterling to US dollar translation rate applied by the Group for GBP to USD was 1=1.32. If the GBP to USD rate had been 1=1.22 with all other variables being held constant, profit before tax would have been higher by £877,000. If the GBP to USD rate had been 1=1.42 with all other variables being held constant, profit before tax would have been lower by £754,000.

For the year ended 31 January 2026, the average sterling to euro translation rate applied by the Group including the impact of hedging contracts for GBP to EUR was 1=1.17. If the GBP to EUR rate had been 1=1.07 with all other variables being held constant, profit before tax would have been higher by £280,000. If the GBP to EUR rate had been 1=1.27 with all other variables being held constant, profit before tax would have been lower by £236,000.

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 2026, 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.

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 11.5% (2025: 12.00%). 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 the Group's approved strategic plan for future years with a 2% terminal growth rate applied.

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 Group makes provision for impairment in the carrying amount of its inventories. 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.
- **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, 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. 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 are not allocated or reviewed by segment, and therefore are not included in the segmental Income Statement disclosures.

Notes to the Consolidated Financial Statements continued

4. Segmental analysis continued

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

Year ended 31 January 2026	Brands £000	Licensing £000	Manufacturing £000	Unallocated £000	Total £000
UK revenue	29,905	3,967	11,022	–	44,894
International revenue	40,099	6,531	7,957	–	54,587
Revenue – external	70,004	10,498	18,979	–	99,481
Revenue – internal	–	–	10,750	(10,750)	–
Total revenue	70,004	10,498	29,729	(10,750)	99,481
Cost of sales	(22,540)	–	(19,445)	11,219	(30,766)
Gross profit	47,464	10,498	10,284	469	68,715
Distribution and selling expenses	(23,329)	(117)	(922)	–	(24,368)
Administration expenses	(28,670)	(1,068)	(9,582)	(5,492)	(44,812)
Impairment of non-financial assets	–	–	–	–	–
Other operating income	2,958	–	35	1	2,994
Net finance (expense)/income	(741)	1,259	–	83	601
Profit/(loss) before tax*	(2,318)	10,572	(185)	(4,939)	3,130
Management recharge	(381)	–	–	381	–
Profit/(loss) before tax	(2,699)	10,572	(185)	(4,558)	3,130
Non-underlying and adjusting items	947	–	237	1,025	2,209
Adjusted underlying profit before tax*	(1,371)	10,572	52	(3,914)	5,339

* Excluding management recharge.

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
Cost of sales	(22,919)	–	(22,859)	13,832	(31,946)
Gross profit	48,391	11,033	8,791	227	68,442
Distribution and selling expenses	(23,895)	(80)	(1,905)	185	(25,695)
Administration expenses	(29,166)	(1,218)	(10,181)	(4,293)	(44,858)
Impairment of non-financial assets	–	–	–	(16,250)	(16,250)
Other operating income	3,967	–	39	4	4,010
Net finance (expense)/income	(535)	859	(11)	158	471
(Loss)/profit before tax*	(1,238)	10,594	(3,267)	(19,969)	(13,880)
Management recharge	2,010	–	–	(2,010)	–
Profit/(loss) before tax	772	10,594	(3,267)	(21,979)	(13,880)
Non-underlying and adjusting items	301	–	688	17,261	18,250
Adjusted underlying profit before tax*	(937)	10,594	(2,579)	(2,708)	4,370

4. Segmental analysis continued

b) Additional segmental revenue information

Brands revenue by geography	2026 £000	2025 £000
United Kingdom	29,905	32,756
North America	22,284	20,957
Northern Europe	9,410	9,146
Rest of the World	8,405	8,451
	70,004	71,310

Brands revenue by brand	2026 £000	2025 £000
Morris & Co.	18,500	17,961
Clarke & Clarke	18,286	19,746
Sanderson	13,673	13,482
Harlequin	12,090	12,240
Zoffany	6,686	6,731
Scion	718	1,083
Other brands	51	67
	70,004	71,310

Manufacturing revenue by division (including internal revenue)	2026 £000	2025 £000
Standfast & Barracks	16,457	16,843
Anstey	13,272	14,807
	29,729	31,650

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 2026	Brands £000	Manufacturing £000	Unallocated £000	Total £000
Depreciation	3,254	1,365	14	4,633
Amortisation	514	197	276	987
Net impairment charge/(credit) – trade receivables	136	(194)	–	(58)
Net impairment charge – inventory	501	102	–	603
Share-based payment charge	–	–	236	236

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

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 2026	Brands £000	Licensing £000	Manufacturing £000	Unallocated £000	Total £000
Assets	57,376	16,995	15,834	6,582	96,787
Liabilities	(23,310)	–	(1,630)	(1,931)	(26,871)
Total net assets	34,066	16,995	14,204	4,651	69,916
Capital expenditure – intangible assets	473	–	–	–	473
Capital expenditure – property, plant and equipment	77	–	110	–	187

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

Notes to the Consolidated Financial Statements continued

4. Segmental analysis continued

e) Additional entity-wide disclosures

Total Group revenue by geography	2026 £000	2025 £000
United Kingdom	44,894	47,570
North America	32,542	30,074
Northern Europe	11,338	11,547
Rest of the World	10,707	11,197
	99,481	100,388

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	2026 £000	2025 £000
United Kingdom	44,851	45,968
North America	1,949	2,068
	46,800	48,036

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 £2,994,000 (2025: £4,010,000) comprises consideration received from the sale of marketing materials to support the Group's core products.

6. Profit/(loss) from operations

	2026 £000	2025 £000
Group profit/(loss) from operations is stated after charging/(crediting):		
Depreciation and impairment of property, plant and equipment	2,194	2,341
Depreciation of right-of-use assets	2,439	2,392
Amortisation of intangibles	711	530
Amortisation of acquired intangibles	276	276
Impairment of intangible assets	–	16,250
Cost of inventories recognised as expense in cost of sales	24,407	23,619
Net impairment charge/(credit) – inventory	603	(18)
Net impairment (credit)/charge – trade receivables	(58)	287
Net foreign exchange (gains)/losses	(287)	126
Short-term rental expense:		
– Hire of motor vehicles and plant and machinery	160	161
– Land and buildings	72	345
	2026 £000	2025 £000
Auditors' remuneration:		
Fees payable to the Company's auditors for the audit of the Parent Company and consolidated financial statements	98	97
Fees payable to the Company's auditors for other services:		
Audit of the Company's subsidiaries pursuant to legislation	245	245
	343	342

7. Net finance income

	Note	2026 £000	2025 £000
Interest income:			
Interest received on bank deposits		20	134
Unwind of discount on minimum guaranteed licensing income		1,259	859
Total interest received		1,279	993
Net pension interest income	20	147	64
Total finance income		1,426	1,057
Interest expense:			
Bank facility fees		(18)	(18)
Interest paid		(64)	(30)
Lease interest		(743)	(538)
Total finance costs		(825)	(586)
Net finance income		601	471

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:

	2026			2025		
	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	656	56	23	399	83	23
Mike Woodcock	374	4	10	225	-	12
Dianne Thompson	124	-	-	124	-	-
Christopher Rogers	-	-	-	56	-	-
Juliette Stacey	56	-	-	56	-	-
Patrick Lewis	56	-	-	51	-	-
	1,266	60	33	911	83	35

The emoluments of the key management personnel are detailed below:

	2026 £000	2025 £000
Wages and salaries	2,178	1,542
Pension contributions	73	78
Share-based payment charge	87	142
	2,338	1,762

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 11 (2025: 10).

9. Employee information

	2026 £000	2025 £000
Wages and salaries	22,553	23,827
Social security costs	2,987	2,480
Pension contributions	1,020	1,149
Share-based payment charge	236	245
Employee benefit expense	26,796	27,701

The average monthly number of employees (including Directors) during the year:	2026 £000	2025 £000
Brands, including warehousing	249	274
Manufacturing	196	245
Overseas	41	37
Corporate and administration	25	24
	511	580

Notes to the Consolidated Financial Statements continued

10. Tax expense

	2026 £000	2025 £000
Current tax:		
– UK current tax	493	970
– UK adjustments in respect of prior years	(16)	280
– Overseas current tax	225	1
– Overseas adjustments in respect of prior years	(75)	–
Current tax	627	1,251
Deferred tax:		
– Current year	276	429
– Adjustments in respect of prior years	79	(324)
Deferred tax	355	105
Total tax charge for the year	982	1,356

Reconciliation of total tax charge for the year:	2026 £000	2025 £000
Profit/(loss) on ordinary activities before tax	3,130	(13,880)
Tax on profit/(loss) on ordinary activities at 25% (2025: 25%)	783	(3,470)
Intangible assets impairment	–	4,063
Fixed asset differences	107	48
Non-deductible expenditure	57	22
Share-based payment	38	117
Adjustments in respect of prior years – current tax	(91)	280
Adjustments in respect of prior years – deferred tax	79	(324)
Deferred tax not recognised on losses	–	604
Effect of changes in corporation tax rates, including overseas	9	16
Total tax charge for the year	982	1,356

A current tax credit of £125,000 has been recognised in Other Comprehensive Income (2025: £970,000) in relation to defined benefit pension contributions made during the year.

11. Deferred income tax

Deferred tax (liabilities)/assets:	2026 £000	2025 £000
Property, plant and equipment	(1,956)	(2,019)
Intangible assets	(741)	(810)
Right-of-use assets	(447)	(435)
Lease liabilities	505	493
Share-based payment	100	94
Retirement benefit obligations	(815)	(578)
Unutilised tax losses	–	459
Other short-term differences	80	117
	(3,274)	(2,679)

A deferred tax charge of £238,000 (2025: £801,000) arising on retirement benefit obligations has been recognised within the Statement of Other Comprehensive Income.

At 31 January 2026, the Group had gross unused UK tax losses of £2,418,000 (2025: £3,984,000) available for offset against future profits for which a deferred tax asset has not been recognised (2025: deferred tax asset of £1,566,000 was recognised). The Group also had unutilised capital tax losses of £4,881,000 (2025: £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	2026 £000	2025 £000
At 1 February	(2,679)	(1,747)
Currency differences	(2)	3
Income statement charge	(355)	(105)
Tax charge relating to components of other comprehensive income	(238)	(801)
Tax charged directly to equity	–	(29)
At 31 January	(3,274)	(2,679)

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.

	2026			2025		
	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 earnings/(loss) per share	2,148	72,114	2.98	(15,236)	71,804	(21.22)
Effect of dilutive securities:						
Shares under share-based payment		2,800			1,675	
Diluted earnings/(loss) per share*	2,148	74,914	2.87	(15,236)	73,479	(21.22)
Adjusted underlying basic and diluted earnings per share:						
Add back share-based payment charge (including National Insurance)	236			245		
Add back defined benefit pension charge	513			490		
Add back non-underlying items (see below)	1,460			17,515		
Tax effect of non-underlying items and other add backs	(470)			(200)		
Adjusted underlying basic earnings per share	3,887	72,114	5.39	2,814	71,804	3.92
Adjusted underlying diluted earnings per share	3,887	74,914	5.19	2,814	73,479	3.83

* As the result for 2025 is a basic loss per share, diluted loss per share is equal to basic loss per share.

Post year end, the Group has provided funds totalling £1,400,000 to the EBT for the purchase of shares to satisfy the future vesting of share schemes, as set out in our capital allocation policy on page 24. As at 23 April 2026, 1,513,683 shares had been purchased using these funds at a total cost of £855,000.

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.

	2026 £000	2025 £000
Statutory profit/(loss) before tax	3,130	(13,880)
Amortisation of acquired intangible assets	276	276
Impairment of intangible assets	-	16,250
Commercial rent tax*	497	-
Restructuring and reorganisation costs**	687	989
Total non-underlying charge included in statutory profit before tax	1,460	17,515
Underlying profit before tax	4,590	3,635
Share-based payment charge	236	245
Defined benefit pension charge	513	490
Adjusted underlying profit before tax	5,339	4,370

* The Group recognised an exceptional charge of £497,000 (2025: £nil) in relation to the settlement of historical commercial rent tax obligations in New York. This amount reflects the agreed settlement of legacy liabilities relating to prior periods. The charge has been presented as an exceptional item due to its non-recurring nature and its association with a historic matter. No further material exposure is expected in respect of this item as the ongoing liability for future periods is trivial. While the settlement relates to commercial rent tax obligations for prior periods, the amount recognised in the current year reflects new information obtained during the period and the final agreement reached with the relevant authorities.

** Restructuring and reorganisation costs of £687,000 (2025: £989,000). These relate to the reorganisation of the Anstey and Standfast manufacturing sites (£237,000) (2025: £688,000), in addition to the rationalisation of certain operational and support functions in the Brands segment (£450,000) (2025: £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 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
Additions	-	-	379	-	-	94	-	473
Disposals	-	-	(234)	-	-	-	-	(234)
31 January 2026	17,091	4,300	3,381	5,566	4,427	4,345	-	39,110

Notes to the Consolidated Financial Statements continued

13. Intangible assets continued

	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
Accumulated amortisation								
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
Charge	-	-	467	276	-	244	-	987
Disposals	-	-	(234)	-	-	-	-	(234)
31 January 2026	17,091	-	1,776	2,600	4,427	2,829	-	28,723
Net book amount								
31 January 2026	-	4,300	1,605	2,966	-	1,516	-	10,387
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

1 Goodwill £16,250,000 (2025: £16,250,000), brand £5,566,000 (2025: £5,566,000) and customer-related intangibles £4,427,000 (2025: £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 £987,000 (2025: £806,000) in administration expenses is split £711,000 (2025: £530,000) in underlying items and £276,000 (2025: £276,000) in non-underlying items. The amount included in non-underlying items relates to the amortisation of acquired intangible assets.

Impairment tests for goodwill and Arthur Sanderson and William Morris Archive

The total carrying value of goodwill at year end of £nil (2025: £nil) 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 (2025: £4,300,000) is attributable to the Brands segment. The archive was independently valued during the previous 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 does not consider it reasonably possible that changes to the key assumptions will arise that would result in impairment of either goodwill or the Arthur Sanderson and William Morris Archive as at 31 January 2026. As explained in the critical accounting estimates and judgements section, the key assumptions in the impairment review are a post-tax discount rate of 11.5% (2025: 12.00%) and a long-term growth rate of 2% (2025: 2%). A 2.9% sensitivity increase in the discount rate would lead to a potential impairment in one of the CGUs. The financial impact of climate change and the 'Live Beautiful' strategy is not anticipated to be material within the time frame of the forecasts used for impairment reviews and as such is not included. This will be kept under review as the strategy progresses.

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 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
Additions	-	36	55	36	60	187
Disposals	-	-	(1,942)	(42)	-	(1,984)
Currency movements	-	-	(70)	(6)	-	(76)
31 January 2026	6,605	1,844	29,174	1,345	60	39,028
Accumulated depreciation and impairment						
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
Charge	185	173	1,751	85	-	2,194
Disposals	-	-	(1,942)	(42)	-	(1,984)
Currency movements	-	-	(21)	(5)	-	(26)
31 January 2026	2,643	394	23,997	1,113	-	28,147
Net book amount						
31 January 2026	3,962	1,450	5,177	232	60	10,881
31 January 2025	4,147	1,587	6,922	282	-	12,938
31 January 2024	3,692	-	7,604	129	1,019	12,444

The total depreciation expense of £2,194,000 (2025: £2,341,000) has been allocated to administration expenses.

	2026 £000	2025 £000
Freehold land	450	450
Freehold buildings	3,512	3,697
Net book amount	3,962	4,147

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 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
Additions	–	507	579	1,086
Modification	681	–	–	681
Disposals	(68)	(529)	(467)	(1,064)
Currency movements	(272)	–	(6)	(278)
31 January 2026	13,578	697	946	15,221
Accumulated depreciation and impairment				
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
Charge	2,119	176	144	2,439
Disposals	(68)	(476)	(467)	(1,011)
Currency movements	(122)	–	(12)	(134)
31 January 2026	4,845	174	483	5,502
Net book amount				
31 January 2026	8,733	523	463	9,719
31 January 2025	10,321	245	22	10,588
31 January 2024	4,492	318	176	4,986

Lease liabilities

	Leasehold properties £000	Vehicles £000	Plant and equipment £000	Total £000
Balance				
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
Additions	–	507	579	1,086
Modification	681	–	–	681
Disposals	–	(52)	–	(52)
Amounts paid	(1,837)	(210)	(139)	(2,186)
Effect of discounting	656	49	38	743
Currency movements	(170)	–	(2)	(172)
31 January 2026	10,321	503	508	11,332

Maturity analysis – contractual lease liabilities

	2026 £000	2025 £000
Current	2,977	1,988
Non-current	8,355	9,244
Total lease liabilities	11,332	11,232

16. Inventories

	2026 £000	2025 £000
Raw materials	3,158	4,588
Work in progress	1,409	1,298
Finished goods	16,283	20,316
Marketing materials	615	999
	21,465	27,201

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 £7,664,000 (2025: £7,061,000). The cost of inventories recognised as an expense and included in cost of sales amounted to £24,407,000 (2025: £23,619,000).

Notes to the Consolidated Financial Statements continued

17. Trade and other receivables

Current	2026 £000	2025 £000
Trade receivables	12,182	11,590
Less: provision for impairment of trade receivables	(565)	(801)
Net trade receivables	11,617	10,789
Other receivables	73	83
Prepayments and accrued income	1,443	2,028
	13,133	12,900

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 2026 £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	10,571	624	556	138	293	12,182
Loss allowance	(264)	(43)	(38)	(58)	(162)	(565)

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)

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 £10,571,000 (2025: £9,997,000) which are not past due. Under the expected credit loss model a provision is held for the lifetime credit loss on these balances of £214,000 (2025: £150,000). In addition, a specific provision of £50,000 (2025: £119,000) 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.

(ii) Past due – not individually impaired

Included in the Group's trade receivable balances are receivables with a carrying value of £1,047,000 (2025: £997,000) 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 £33,000 (2025: £35,000).

(iii) Past due – individually impaired

As at 31 January 2026, trade receivables of £564,000 (2025: £596,000) were individually determined to be impaired and provided for. The amount of the provision was £268,000 (2025: £497,000). 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	2026 £000	2025 £000
United Kingdom	5,859	5,948
North America	3,004	1,977
Northern Europe	2,054	2,162
Rest of the World	700	702
	11,617	10,789

Trade and other receivables by currency	2026 £000	2025 £000
Sterling	8,448	8,265
US dollars	2,562	2,706
Euros	1,485	1,488
Other	638	441
	13,133	12,900

The closing loss allowances for trade receivables as at 31 January 2026 reconcile to the opening loss allowances as follows:

	Lifetime ECL £000	Credit impaired £000	2026 £000	2025 £000
At 1 February	(482)	(319)	(801)	(641)
Net reversal/(charge) in allowance recognised in income statement	235	(177)	58	(287)
Allowance utilised in the year as uncollectible	-	178	178	127
At 31 January	(247)	(318)	(565)	(801)

18. Trade and other payables

	2026 £000	2025 £000
Trade payables	5,041	8,465
Other taxes and social security	662	901
Other payables	325	278
Accruals	5,010	3,193
	11,038	12,837

19. Provision for liabilities and charges

	Property £000	Other £000	Total £000
31 January 2024	944	493	1,437
Charged	250	989	1,239
Utilised	(200)	(774)	(974)
31 January 2025	994	708	1,702
Charged	–	687	687
Utilised	(20)	(1,273)	(1,293)
31 January 2026	974	122	1,096

	2026 £000	2025 £000
Current	122	733
Non-current	974	969
Total	1,096	1,702

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 £1,020,000 (2025: £1,149,000). There were £139,000 outstanding contributions at 31 January 2026 (2025: £151,000). 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 date of leaving or 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 in the Plan. This disclosure excludes any defined contribution assets and liabilities.

The Group's contributions to the schemes for the year beginning 1 February 2026 are expected to be £300,000.

Assets held in the funds are governed by local regulations and practice in the UK. Responsibility for the governance of the Schemes, including investment decisions and payment of benefits, 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. Data cleanse activity remains ongoing, and the Scheme will remain on the Company's balance sheet until individual annuity policies are assigned between members and Aviva (the buy-in insurer).

Actuarial valuations of the Schemes were carried out as at 31 January 2026, 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 2026. The major assumptions used by the actuary were (in nominal terms) as follows:

	2026	2025
Discount rate	5.60%	5.40%
Inflation assumption (RPI)	3.10%	3.30%
Inflation assumption (CPI)	2.50%	2.70%
Rate of increase in salaries	2.50%	2.70%
Rate of increase to pensions in payment, that increase in line with RPI subject to a maximum of 5% p.a.	3.00%	3.10%
Rate of increase to pensions (in excess of GMP) in deferment	2.50%	2.70%

The mortality assumptions imply the expected future lifetime from age 65 as follows:

	2026	2025
Non-pensioner male currently 45	22.0	22.1
Pensioner male currently 65	21.0	21.1
Non-pensioner female currently 45	25.9	24.7
Pensioner female currently 65	24.8	23.6

	2026 £000	2025 £000
Present value of funded obligations	(45,241)	(46,410)
Fair value of scheme assets	48,501	48,720
Surplus in funded scheme	3,260	2,310

Notes to the Consolidated Financial Statements continued

20. Retirement benefit obligations continued

Reconciliation of surplus in funded scheme

	2026 £000	2025 £000
1 February	2,310	(897)
Contributions by employers	1,010	4,369
Defined benefit pension charge	(513)	(490)
Investment-related defined benefit pension charge	(1)	(305)
Total remeasurements of the net defined benefit liability	454	(367)
31 January	3,260	2,310

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:

	2026 £000	2025 £000
Diversified growth funds	14,049	18,932
Buy and maintain credit	7,767	8,019
Gilts	8,959	-
Liability-driven investments	5,280	9,580
Insured annuities	7,512	7,760
Liquidity funds	2,155	4,167
Cash and other	2,779	262
Fair value of scheme assets	48,501	48,720

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 gain of £2,354,000 (2025: loss of £602,000).

Reconciliation of opening and closing balances of the fair value of plan assets

	2026 £000	2025 £000
Fair value of plan assets at beginning of year	48,720	48,680
Interest income on scheme assets	2,575	2,424
Loss on return on assets, excluding interest income	(221)	(3,026)
Contributions by employers	1,010	4,369
Benefits paid	(2,922)	(2,868)
Investment-related defined benefit pension costs	(1)	(305)
Scheme administrative costs	(660)	(554)
Fair value of scheme assets at end of year	48,501	48,720

Reconciliation of opening and closing balances of the present value of the defined benefit obligation

	2026 £000	2025 £000
Benefit obligation at beginning of year	46,410	49,577
Interest cost	2,428	2,360
Remeasurement gains – changes in financial assumptions	(1,328)	(2,336)
Remeasurement gains – changes in demographic assumptions	509	(142)
Remeasurement gains – experience	144	(181)
Benefits paid	(2,922)	(2,868)
Benefit obligation at end of year	45,241	46,410

Analysis of amounts charged against profits

Amounts recognised in the income statement in respect of defined benefit retirement plans are as follows:

	2026 £000	2025 £000
Interest income on scheme assets	2,575	2,424
Interest cost	(2,428)	(2,360)
Net pension interest income	147	64
Scheme administrative costs	(660)	(554)
Defined benefit pension charge	(513)	(490)

20. Retirement benefit obligations *continued*

Remeasurements of the net defined benefit asset to be shown in the Statement of Comprehensive Income

	2026 £000	2025 £000
Net remeasurement – financial	(1,328)	(2,336)
Net remeasurement – demographic	509	(142)
Net remeasurement – experience	144	(181)
Return on assets, excluding interest income	221	3,026
Total remeasurements of the net defined benefit asset	(454)	367

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.

	Change in assumption	Impact on scheme liabilities 2026 (£m)		Impact on scheme liabilities 2025 (£m)	
		Increase	Decrease	Increase	Decrease
Discount rate	0.25% movement	(1.2)	1.2	(1.2)	1.3
Rate of inflation (RPI)*	0.25% movement	0.5	(0.5)	0.5	(0.5)
Rate of inflation (CPI)*	0.25% movement	0.2	(0.2)	0.2	(0.3)
Assumed life expectancy	1 year movement	1.7	(1.7)	1.7	(1.6)

* With corresponding changes to the CPI, salary and pension increase assumptions.

Extrapolation of the sensitivity analysis beyond the ranges shown may not be appropriate. It is also important to note that because the Abaris Scheme has a matching insurance policy for deferred and pensioner members, the value of that policy would be expected to move in a consistent way to the liability.

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 11 years.

21. Financial instruments

The accounting policies for financial instruments have been applied to the line items below:

	Amortised cost £000	Financial derivative instruments for hedging £000	Total £000
31 January 2026			
Assets as per Balance Sheet			
Trade receivables and other receivables*	11,690	–	11,690
Minimum guaranteed licensing receivables	16,995	–	16,995
Financial derivative instrument	–	53	53
Cash and cash equivalents	9,808	–	9,808
Total	38,493	53	38,546

* Includes other receivables but excludes taxes and prepayment.

	Other financial liabilities £000	Financial derivative instruments for hedging £000	Total £000
31 January 2026			
Liabilities as per Balance Sheet			
Lease liabilities	11,332	–	11,332
Trade and other payables*	10,376	–	10,376
Total	21,708	–	21,708

* Includes other payables and accruals.

	Amortised cost £000	Financial derivative instruments for hedging £000	Total £000
31 January 2025			
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.

Notes to the Consolidated Financial Statements continued

21. Financial instruments continued

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.

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 2026 are outlined below.

	2026	2025
USD/GBP spot rate at 31 January	1.3720	1.2426
Fixed forward contracts		
Weighted average forward rate	1.3723	1.2413
Maturing in the next year (notional amount in US dollars 000's)	3,000	1,100

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.

31 January 2026	Less than 1 year £000	Between 1 to 2 years £000	Between 2 to 5 years £000	Over 5 years £000
Trade and other payables	10,376	–	–	–
Leases (undiscounted cash flows)	3,107	2,884	5,163	2,671
	13,483	2,884	5,163	2,671

31 January 2025	Less than 1 year £000	Between 1 to 2 years £000	Between 2 to 5 years £000	Over 5 years £000
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

22. Share capital

Ordinary shares of 1p each:	Number of shares	£
Called up and fully paid:		
31 January 2026	72,264,620	722,646
31 January 2025	71,994,853	719,949
31 January 2024	71,706,224	717,062

Sanderson Design Group PLC's issued ordinary share capital with voting rights consists of 72,264,620 (2025: 71,994,853) ordinary shares of which nil (2025: nil) ordinary shares are held in treasury and nil (2025: nil) 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 2026 was £nil (2025: £nil). The total number of shares held in the EBT at the year end represented nil% (2025: nil%) 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. During the year, there were six awards active, which have been detailed below. Five of these awards were active at the reporting date. 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 30 May 2025, 61,463 shares vested under the Company's LTIP Award Fifteen. To satisfy the vesting, shares of 1p each were allotted. The share price was 42.5p on the vesting dates.

On 17 June 2025, 75,887 shares vested under the Company's LTIP Award Fourteen. To satisfy the vesting, shares of 1p each were allotted. The share price was 45.5p on the vesting dates.

On 11 November 2025, 132,417 shares vested under the Company's LTIP Award Thirteen. To satisfy the vesting, shares of 1p each were allotted. The share price was 45.5p on the vesting dates.

The vesting dates for Award Thirteen were 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 was 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 were 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.

The vesting date for Award Eighteen is to be on 6 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 value is 44.5p.

Further details of vesting conditions are set out in the Directors' Remuneration Report.

Further details of Awards Thirteen to Eighteen are set out below:

	Award Thirteen			Award Fourteen		
	11 Nov 2020	11 Nov 2020	11 Nov 2020	14 Jun 2021	14 Jun 2021	14 Jun 2021
Grant date of awards	See above	See above	See above	See above	See above	See above
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		
	30 May 2022	30 May 2022	30 May 2022	2 June 2023	2 June 2023	2 June 2023
Grant date of awards	See above	See above	See above	See above	See above	See above
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	US sales	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			Award Eighteen		
	29 May 2024	29 May 2024	29 May 2024	6 June 2025	6 June 2025	6 June 2025
Grant date of awards	See above	See above	See above	See above	See above	See above
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	273,552	273,551	273,551	604,267	604,267	604,267
Vesting condition based on	US sales	Cash generated from operations	Sustainability improvement	US sales	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	US sales for the year ending 31 Jan 2028	Cash generated from operations for the year ending 31 Jan 2028	Sustainability improvement for the year ending 31 Jan 2028

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:

	2026 Number	2025 Number
At 1 February	2,040,421	1,750,081
Granted	1,812,801	820,654
Exercised	(269,767)	(290,258)
Forfeiture	(115,243)	(133,243)
Lapsed	(311,964)	(106,813)
At 31 January	3,156,248	2,040,421

The share-based payment charge in the Income Statement can be analysed as follows:

	2026 £000	2025 £000
Equity charge	213	287
Accrual of employer's National Insurance contribution	23	(42)
Share-based payment charge	236	245

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 2026	43,457
At 31 January 2025	43,457

Other reserves represent:	2026 £000	2025 £000
Capital reserve	43,457	43,457
Merger reserve	(2,950)	(2,950)
Foreign currency translation reserve	(1,233)	(711)
	39,274	39,796

24. Dividends

During the year to 31 January 2026, the Group paid a final dividend of 1.00p (£721,000) on 8 August 2025 and an interim dividend of 0.50p (£361,000) on 28 November 2025.

A final dividend of 1.00p is now proposed taking the full year dividend to 1.50p. This payment will be made on 7 August 2026 to the shareholders registered on the Company's register on 10 July 2026 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 2025 £000	Cash flow £000	Other non-cash changes £000	31 January 2026 £000
Cash and cash equivalents	5,814	4,424	(430)	9,808
Finance lease liabilities	(11,232)	2,186	(2,286)	(11,332)
Net funds	(5,418)	6,610	(2,716)	(1,524)

26. Commitments

Capital commitments

Capital expenditure contracted for at the Balance Sheet date but not yet incurred is as follows:

	2026 £000	2025 £000
Property, plant and equipment	85	–

Contingent liabilities

The Group has a duty deferment guarantee in place to His Majesty's Revenue & Customs ('HMRC') of £nil (2025: £900,000) with Barclays Bank Plc as part of a £1,000,000 (2025: £1,000,000) bonds, guarantees and standing letter of credit facility.

Company Balance Sheet

As at 31 January 2026

	Note	2026 £000	2025 £000
Non-current assets			
Right-of-use assets	6	24	9
Investments	7	59,941	59,941
Deferred income tax asset	9	105	96
		60,070	60,046
Current assets			
Other receivables	8	2,974	2,048
Cash and cash equivalents		101	83
		3,075	2,131
Total assets		63,145	62,177
Current liabilities			
Creditors: amounts falling due within one year	10	(2,269)	(1,215)
Lease liabilities	6	(9)	(9)
		(2,278)	(1,224)
Non-current liabilities			
Lease liabilities	6	(14)	-
		(14)	-
Total liabilities		(2,292)	(1,224)
Net assets			
Capital reserves			
Called-up share capital	12	723	720
Share premium account		18,682	18,682
Accumulated deficit		(440)	(337)
Capital redemption reserves	13	41,888	41,888
Total shareholders' funds		60,853	60,953

The Company made a profit for the year of £754,000 (2025: loss after tax of £512,000). During the year, the Company received dividend income of £5,000,000 (2025: £5,000,000).

The financial statements on pages 103 to 110 were approved by the Board of Directors on 28 April 2026 and signed on its behalf by



Lisa Montague

Director

Registered number: 61880



Mike Woodcock

Director

Company Statement of Changes in Equity

Year ended 31 January 2026

	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 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
Profit for the year	-	-	754	-	754
Total comprehensive profit	-	-	754	-	754
Transactions with owners, recognised directly in equity:					
Issuance of share capital for share-based payment vesting	3	-	(3)	-	-
Dividends	-	-	(1,082)	-	(1,082)
Share-based award equity charge	-	-	213	-	213
Related tax movements on share-based award	-	-	15	-	15
Balance at 31 January 2026	723	18,682	(440)	41,888	60,853

The notes on pages 105 to 110 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).

- 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.

Notes to the Company Financial Statements continued

1. Accounting policies and general information continued

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.

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.

1. Accounting policies and general information *continued*

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

	2026 £000	2025 £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	98	97

4. Employee information

	2026 £000	2025 £000
Wages and salaries	3,522	2,452
Social security costs	539	255
Other pension costs	91	91
Share-based payment awards, including NIC thereon	236	245
Employee benefit expense	4,388	3,043

	2026 £000	2025 £000
The average monthly number of employees (including Directors) during the year		
Corporate and administration	25	24

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.

Notes to the Company Financial Statements continued

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

	Vehicles £000	Total £000
Cost		
31 January 2025	26	26
Additions	27	27
31 January 2026	53	53
Accumulated depreciation and impairment		
31 January 2025	17	17
Charge	12	12
31 January 2026	29	29
Net book amount		
31 January 2026	24	24
31 January 2025	9	9

Lease liabilities

	Vehicles £000	Total £000
Balance		
31 January 2025	9	9
Additions	27	27
Amounts paid	(14)	(14)
Effect of discounting	1	1
31 January 2026	23	23

	2026 £000	2025 £000
Lease liabilities		
Maturity analysis – contractual lease liabilities		
Current	9	9
Non-current	14	–
Total lease liabilities	23	9

7. Investments

	2026 £000	2025 £000
Shares in subsidiary undertakings:		
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 2026, 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%	Dormant
Globaltex Limited*	UK	Ordinary shares	100%	Dormant
Anstey Wallpaper Company Limited*	UK	Ordinary shares	100%	Dormant
Arthur Sanderson & Sons Limited*	UK	Ordinary shares	100%	Dormant
Walker Greenbank Distribution Limited*	UK	Ordinary shares	100%	Dormant
William Morris Wallpapers Limited*	UK	Ordinary shares	100%	Dormant
Zoffany Limited*	UK	Ordinary shares	100%	Dormant
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

* Indicates that the shares are held by a subsidiary company.

7. Investments continued

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
All undertakings other than the ones listed above	Voysey House, Sandersons Lane, London, W4 4DS

8. Other receivables

Current	2026 £000	2025 £000
Other taxes and social security	386	528
Amount owing by subsidiary undertaking	1,073	-
Corporation tax receivable	1,290	1,300
Prepayments and other receivables	225	220
	2,974	2,048

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 £105,000 (2025: £96,000) is recognised in respect of future deductions for share-based payments and other temporary differences.

	2026 £000	2025 £000
Property, plant and equipment	2	2
Share-based payments	100	94
Other short-term differences	3	-
	105	96

At 31 January 2026, the Company had gross unused UK tax losses of £2,418,000 (2025: £3,984,000) available for offset against future profits for which a deferred tax asset has not been recognised (2025: £nil). The Company also had unutilised capital tax losses of £4,881,000 (2025: £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

	2026 £000	2025 £000
Trade creditors	44	117
Amounts owed to subsidiary undertakings	-	454
Accruals	2,225	644
	2,269	1,215

11. Provision for other liabilities and charges

	Property £000	Total £000
31 January 2024	650	650
31 January 2025	-	-
31 January 2026	-	-

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 2026	72,264,620	722,646
31 January 2025	71,994,853	719,949
31 January 2024	71,706,224	717,062

Sanderson Design Group PLC's issued ordinary share capital with voting rights consists of 72,264,620 (2025: 71,994,853) ordinary shares of which nil (2025: nil) ordinary shares are held in treasury and nil (2025: nil) 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 2026 was £nil (2025: £nil). The total number of shares held in the EBT at the year end represented nil% (2025: nil%) 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 18 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 2026	41,888
At 31 January 2025	41,888
At 31 January 2024	41,888

14. Dividends

During the year to 31 January 2026, the Company paid a final dividend of 1.00p (£721,000) on 8 August 2025 and an interim dividend of 0.50p (£361,000) on 28 November 2025.

A final dividend of 1.00p is now proposed taking the full year dividend to 1.50p. This payment will be made on 7 August 2026 to the shareholders registered on the Company's register on 10 July 2026 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 Enil (2025: £900,000) with Barclays Bank Plc as part of a £1,000,000 (2025: £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

	2022	2023	2024	2025	2026
Revenue (£m)	112.2	112.0	108.6	100.4	99.5
Adjusted underlying profit before tax (£m)	12.5	12.6	12.2	4.4	5.3
Adjusted underlying profit before tax (%)	11.1%	11.3%	11.2%	4.4%	5.4%
Adjusted EPS (p)	13.75	14.18	13.74	3.92	5.39
Profit/(loss) before tax (£m)	10.4	10.9	10.4	(13.9)	3.1
Profit/(loss) before tax (%)	9.2%	9.7%	9.6%	(13.8)%	3.1%
Profit/(loss) after tax (£m)	7.8	8.8	8.2	(15.2)	2.1
Basic EPS (p)	10.93	12.42	11.46	(21.22)	2.98
EBITDA (£m)	16.8	17.0	15.2	7.4	8.1
Free cash flow	4.5	(1.1)	3.6	(8.3)	5.5
Net cash (£m)	19.1	15.4	16.3	5.8	9.8
Inventory (£m)	22.7	27.8	26.7	27.2	21.5
Capital expenditure (£m)	2.1	4.8	3.3	4.1	0.7
Average number of employees	613	633	631	580	511
Dividends paid in year (£m)	0.5	2.5	2.5	2.3	1.1
Shareholders' funds (£m)	79.7	81.3	86.5	68.7	69.9
Dividend per share					
– Final (prior year end) – paid	–	–	–	–	–
– Interim (current year end) – paid	0.75p	0.75p	0.75p	0.50p	0.50p
– Final (current year end) – proposed	2.75p	2.75p	2.75p	1.00p	1.00p

Shareholder Information

Financial calendar	
Annual General Meeting	1 July 2026
Announcement of half year results	October 2026

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