A living room interior featuring a large potted plant, a side table with a lamp, and a sofa with patterned cushions. The room is decorated with blue and white patterned wallpaper and curtains. The text "SAN DER SON" is overlaid in the top right corner, with "DESIGN GROUP" below it. The text "INTERIM RESULTS TO 31st JULY 2022" is overlaid at the bottom center.

SAN DER SON

DESIGN GROUP

INTERIM RESULTS TO 31st JULY 2022

AGENDA

INTRODUCTION

FINANCIALS

STRATEGY

OUTLOOK

INTRODUCTION



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.

The group is home to 7 consumer brands, of which 3 are heritage powered, 3 contemporary and 1 B2C; and 2 manufacturing brands.

We operate in the upper sector of the market, producing high value products. Our UK domestic market is strongly penetrated, and our USA subsidiary shows important growth potential.



ARCHIVE
BY SANDERSON DESIGN

CLARKE & CLARKE

HARLEQUIN

THE ORIGINAL
MORRIS & Co
FOUNDED BY WILLIAM MORRIS IN 1861

Sanderson

scion

S&B
EST. 1924

STANDFAST
& BARRACKS
FABRIC PRINTING COMPANY

ZOFFANY

CONTINUED STRATEGIC PROGRESS



- FY23 H1 Revenue of £57.9M, adjusted underlying PBT of £6.3M, representing 10.9%
- Licensing income increased 90%
- Morris & Co. continues as fastest growing brand at 15.9%
- Targeted growth in key USA market continues at 3.3% in constant currency
- Gross margin improvement to 65.8%
- Manufacturing demand maintained in H1
- Digital strategy with continued development of D2C
- Planet Mark Year 4, reflecting our *Live Beautiful* pledge
- Dividend – 0.75p per share to be paid as interim

FINANCIALS

REVENUE - CHANNEL

	H1 FY23 £M	H1 FY22 £M	H1 FY23 v H1 FY22	
			VAR	% CHGE
Brands	42.2	43.3	(1.1)	(2.5%)
Licensing	3.8	2.0	1.8	90.0%
Total Brands	46.0	45.3	0.7	1.5%
Manufacturing – External	11.9	12.2	(0.3)	(2.5%)
Manufacturing - Internal	9.8	8.8	1.0	11.4%
Total Manufacturing	21.7	21.0	0.7	3.3%
Total Group	57.9	57.5	0.4	0.7%

- Brand product sales down 2.5% on H1 FY22 (down 3.5% in constant currency)
- Licensing income driven by new and renewed contracts
- Third-party manufacturing sales down 2.5% on H1 FY22

REVENUE - GEOGRAPHY

	H1 FY23 £M	H1 FY22 £M	H1 FY23 v H1 FY22 VAR	% CHGE
UK	22.1	22.3	(0.2)	(0.9%)
North America	9.7	8.6	1.1	12.8%
Northern Europe	5.5	6.9	(1.4)	(20.3%)
Rest of the World	4.9	5.5	(0.6)	(10.9%)
Brand Product Revenue	42.2	43.3	(1.1)	(2.5%)

- UK 0.9% below prior year. Strong performance from larger accounts offset by declines in small independent distribution (PY benefitted from Covid backlog)
- North America strong performance up 12.8% in reported currency and 3.3% at constant FX
- Northern Europe impacted by the previously announced decision to cease trade in Russia. H1 impact £0.8M (full year £1.8M)
- Northern Europe and Rest of the World H1 FY22 boosted by £0.6M of shipments delayed from FY21 due to Brexit
- Excluding these one-off elements, Revenue up 0.9% v H1 FY22

REVENUE - BRANDS

	H1 FY23 £M	H1 FY22 £M	H1 FY23 v H1 FY22	
			VAR	% CHGE
Clarke & Clarke	11.8	12.6	(0.8)	(6.3%)
Harlequin	8.3	9.1	(0.8)	(8.8%)
Morris & Co	9.5	8.2	1.3	15.9%
Sanderson	7.2	7.5	(0.3)	(4.0%)
Zoffany	4.2	4.5	(0.3)	(6.7%)
Scion	1.0	1.2	(0.2)	(16.7%)
Archive & other	0.2	0.2	-	-
Brands	42.2	43.3	(1.1)	(2.5%)

- Clarke & Clarke: strong performance +9.2% USA
- Harlequin: focus on driving renewed impetus through the Own the Room campaign
- Morris & Co.: continues to be the Group's strongest performing brand, +20.8% UK and +53.7% USA
- Sanderson: collection launches have been rationalised to a single launch each year
- Zoffany: continues to showcase talent via a partnership with the Royal College of Art, this year featuring Ruth Blanke wallpaper Avalonis
- Scion: continued growth of franchised www.scionliving.com online shop
- Archive by Sanderson Design: is a new, direct-to-consumer brand launched in September 2021. The brand's first collection comprised a capsule range of wallpapers, fabrics, cushions and lampshades

REVENUE - MANUFACTURING

	H1 FY23 £M	H1 FY22 £M	H1 FY23 v H1 FY22	
			VAR	% CHGE
Anstey	10.4	10.9	(0.5)	(4.6%)
Standfast	11.3	10.1	1.2	11.9%
Total Manufacturing	21.7	21.0	0.7	3.3%

Revenue - external	11.9	12.2	(0.3)	(2.5%)
Revenue - internal	9.8	8.8	1.0	11.4%

	FY22 £M	FY21 £M	H1 FY23 v H1 FY22	
			FY21	FY20
Digital	47.3%	41.7%	5.6%	13.4%
Conventional	52.7%	58.3%	(5.6%)	(9.6%)

- Third party Manufacturing sales down 2.5%.
Strong performance at Standfast (significant US customer base) offset by weaker Anstey sales (greater European distribution)
- H1 FY22 third party sales boosted by customers re-stocking post Covid
- Digital printing as a proportion of factory output Standfast 73% and Anstey 18%

LICENSING INCOME

	UNDERLYING PERFORMANCE - £M	PRIOR YEAR ACCELERATED INCOME - £M	CURRENT YEAR ACCELERATED INCOME - £M	IFRS - £M
Core (regular)	1.9	(0.3)	1.6	3.2
Collaboration	0.6	(0.3)	0.3	0.6
H1 FY23 Total	2.5	(0.6)	1.9	3.8

Core (regular)	2.0	(0.5)	0.5	2.0
Collaboration	0.2	(0.2)	-	-
H1 FY22 Total	2.2	(0.7)	0.5	2.0

- Licensing income on IFRS basis increased by 90% to £3.8M
- Underlying Licensing income of £2.5M up 13.6% against H1 FY22
- FY23 Underlying performance £0.6M: collaboration driven by the NEXT (Morris & Co.) agreement
- FY23 accelerated income £1.9M: includes renewal of Bedeck (£1.1M) and NEXT (£0.3M) agreements

GROSS MARGIN

	H1 FY23 £M	H1 FY22 £M	H1 FY23 v H1 FY22	
			VAR	% CHGE
Product Revenue	54.1	55.5	(1.4)	(2.5%)
Licensing	3.8	2.0	1.8	90.0%
Revenue Total	57.9	57.5	0.4	0.7%
Product Gross Margin	34.3	33.9	0.4	1.2%
Licensing Gross Margin	3.8	2.0	1.8	90.0%
Gross Margin Total	38.1	35.9	2.2	6.1%
Product Gross Margin %	63.4%	61.1%	2.3%	3.8%
Licensing Gross Margin %	100.0%	100.0%	-	-
Gross Margin Total %	65.8%	62.4%	3.4%	5.4%

- Licensing income generates 100% margin
- Product Gross Margin improvement:
 - Shift towards higher margin digital production
 - Strong sales in higher margin US market
 - Morris & Co. high pricing power
 - Price increases on inventory manufactured in previous financial years

GROUP INCOME STATEMENT

	H1 FY23 £M	H1 FY22 £M	H1 FY23 v H1 FY22 VAR	% CHGE
Revenue	57.9	57.5	0.4	0.7%
Cost of Sales	(19.8)	(21.6)	1.8	8.3%
Gross Profit	38.1	35.9	2.2	6.1%
Distribution and selling expenses	(12.7)	(12.0)	(0.7)	(5.8%)
Administration expenses	(22.4)	(21.0)	(1.4)	(6.7%)
Other operating income	2.3	2.0	0.3	15.0%
Profit from operations	5.4	4.9	0.5	10.2%
Finance income/(costs) - net	0.1	-	0.1	-
Profit before tax	5.5	4.9	0.6	12.2%
Add back: Non-underlying and adjusting items	0.8	0.7	0.1	14.3%
Adjusted underlying profit before tax	6.3	5.6	0.7	12.5%
	H1 FY23	H1 FY22		
Gross Margin	65.8%	62.4%		
Distribution and selling expenses	21.9%	20.9%		
Administrative expenses	38.7%	36.5%		
Profit from operations	9.3%	8.5%		
Profit before tax	9.5%	8.5%		
Adjusted underlying profit before tax	10.9%	9.7%		

- Distribution and selling expenses:
 - Higher patterning costs partially offset by £0.3M additional patterning recoveries (included in other operating income)
 - Excluding this costs increased by 3%
- Administration expenses continue to be tightly controlled
 - Increased marketing spend £0.7M
 - Prior year H1 benefited from £0.4M (non-underlying) loan forgiveness in the US
 - Staff costs grew £0.7M: key roles re-filled following Covid hiring freeze

GROUP BALANCE SHEET

	H1 FY23 £M	H1 FY22 £M	FY222 £M
Intangible assets	26.3	27.6	27.0
Property, plant & equipment	11.9	11.8	11.3
Right-of-use assets	4.7	4.9	3.9
Retirement benefit surplus	2.6	-	2.6
Minimum guaranteed licensing income	2.7	1.9	1.6
Non-current asset	48.3	46.2	46.4
Inventories	26.7	18.7	22.7
Trade and other receivables	15.6	21.0	16.8
Minimum guaranteed licensing income	1.3	0.5	0.9
Trade and other payables	(16.1)	(20.6)	(20.1)
Lease liabilities	(2.3)	(2.2)	(2.0)
Cash and cash equivalents	15.0	15.4	19.1
Net current assets	40.4	32.8	37.3
Deferred income tax liabilities	(2.3)	(0.7)	(2.0)
Lease liabilities	(3.2)	(2.8)	(1.9)
Retirement benefit obligation	-	(4.7)	-
Net assets	83.2	70.8	79.7

- Strong balance sheet with cash of £15.0M
- Accelerated licensing income £1.5M higher than January 2202 as a result of new IFRS 15 agreements
- Inventory: Strategic investment to ensure best sellers never out of stock and new collection launches fully supported
- Trade receivables: limited bad debt experience

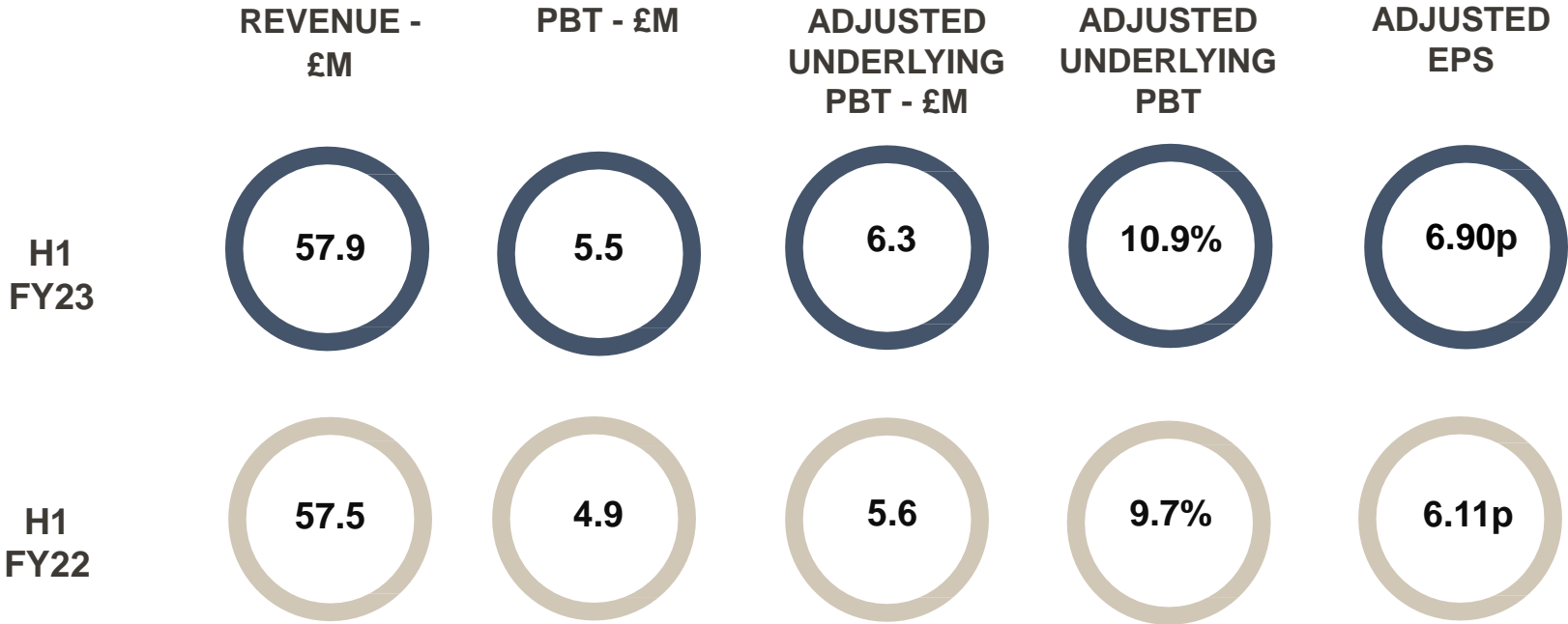
GROUP CASHFLOW

	H1 FY23 £M	H1 FY22 £M
Profit before tax	5.5	4.9
Interest, Depreciation and Amortisation	3.2	3.5
EBITDA	8.7	8.4
Working Capital	(9.1)	(2.7)
Pension cash contribution	(1.2)	(1.1)
Others *	0.3	-
Net interest	(0.1)	(0.1)
Tax	(0.1)	(2.1)
Cash from operating activities	(1.4)	2.4
Capital expenditure	(1.5)	(1.2)
Capital element of lease payments	(1.2)	(1.3)
Free cash flow	(4.1)	(0.1)
Dividends	-	-
Opening Cash	19.1	15.5
FX on cash held	0.0	(0.1)
Cash and cash equivalents at year end	15.0	15.4

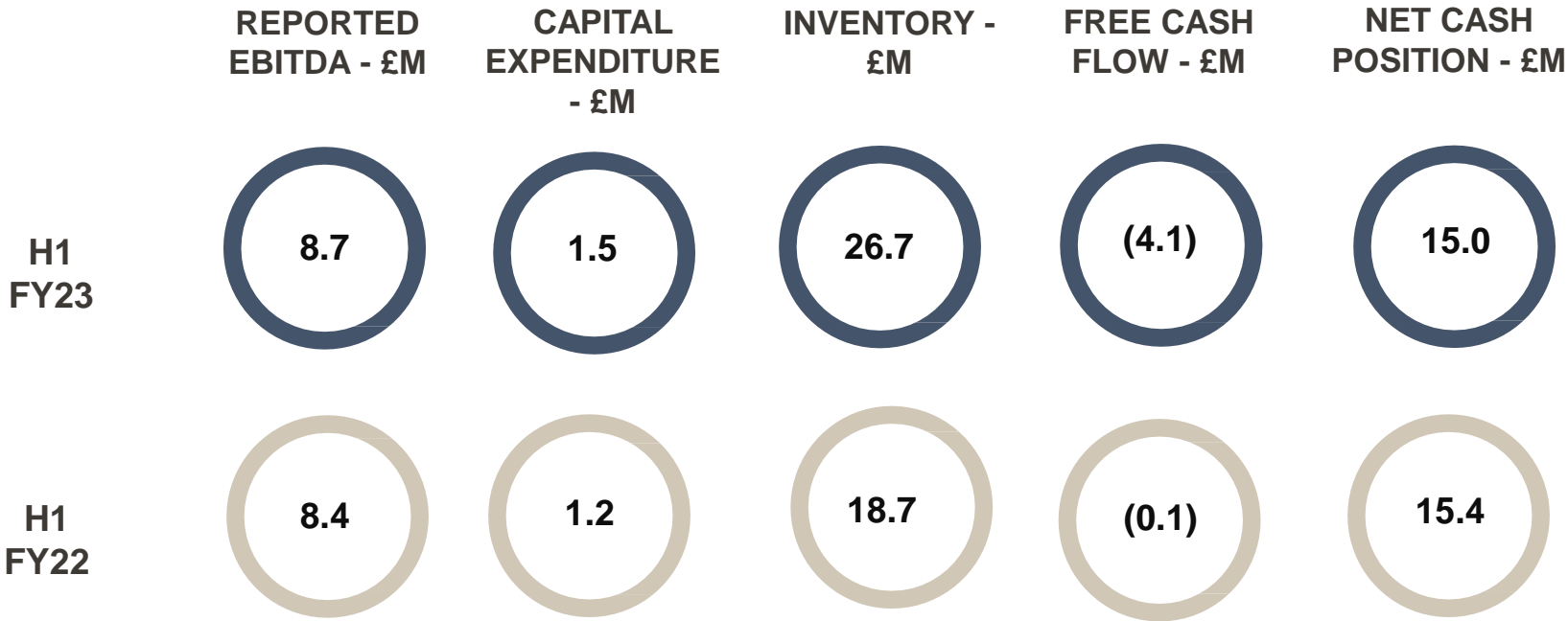
- Working capital driven by £4.0M inventory, £1.5M accelerated licensing income and £3.7M trade and other payables
- Cash contribution in H1 of £1.2M to legacy defined benefit schemes. To remain at this level until April 2024
- Tax: prepayment at 31 January 2022 utilised minimising payments on account for current year
- Capital expenditure includes:
 - new ERP system at Standfast and
 - new Digital printer project at Anstey

* Includes share based payments, defined benefit pension charge and unrealised exchange gains/losses

KEY FINANCIAL INDICATORS



KEY FINANCIAL INDICATORS (CONT...)



STRATEGY

OUR LIVE BEAUTIFUL FRAMEWORK

BRANDS

ELEVATE OUR
BRANDS AND CREATE
CONSUMER DEMAND

PRODUCTS

REIMAGINE OUR
PRODUCTS: FABRIC,
WALLPAPER, PAINT
AND HOMEWARES

CUSTOMERS

EXCEED OUR
CUSTOMERS'
NEEDS IN A
DIGITAL WORLD

GEOGRAPHIES

GROW OUR UK,
USA AND
NORTHERN
EUROPE
BUSINESSES

PEOPLE – EMPOWER OUR PEOPLE

FINANCIAL HEALTH – TIGHTLY MANAGE OUR INVENTORY, CASH, OVERHEADS AND COLLECTION
MANAGEMENT (SKU EFFICIENCY)

PLANET – INSPIRE OUR WORLD

‘TO BRING THE BEAUTIFUL INTO PEOPLE’S HOMES AND LIVES’

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.

“TO LEAD THE INTERIORS INDUSTRY IN
TRANSFORMING THE WAY WE DESIGN, MANUFACTURE
AND DISTRIBUTE, ENRICHING PEOPLE’S LIVES,
HELPING THEM TO LIVE BEAUTIFUL”

STARTING THE
**JOURNEY OF
SUSTAINABILITY.**

0/30

Zero by Thirty
We are committed to being net
carbon zero by 2030

#1

The Employer of Choice
We are committed to being a great
and happy place to work



The management team has navigated external headwinds, delivered business transformation and strengthened foundations for the future.

STRONGER FOUNDATIONS

- The brands are clearly defined, US market is in sharp focus, topline has held through SKU reduction, costs and overhead controlled and investments targeted to enable future growth

LIVE BEAUTIFUL

- Live Beautiful is embedded in the strategic framework. Zero by 30 pledge has defined ESG workstreams. Planet Mark 'Year-4' certification. Engagement Survey 78% in 2021, next 2023. Real Living Wage. Training, Development and Welfare supported, all with strong internal communication

CUSTOMER CENTRIC

- Top customers all growing, UK600 focus, regional customer days and events in UK, US and Sweden. Focus on service: best-sellers fully stocked, trade portal payment enabled, product QR codes introduced

STRATEGIC MILESTONES IN PROGRESS

J A N ' 2 3

- ✓ Product reduced to 12,000 SKUS (fabric and wallpaper)
- ✓ ROI per new SKU growing
- Group re-established as market leader in UK
- Brand followers and engagement in rapid growth
- Licensing income double-digit growth
- Contract in (double-digit) growth*
- Future Factory roadmap
- Anstey new digital technology installed*
- Improved systems and processes
- Progress expected against ESG goals
- Further enhanced digital capability
- Increase average order size
- Growth in all brands →
- Growth in all key territories →
- Archive contributing to profit →

**carried forward from Jan'22*

J A N ' 2 4

- Product reduced to 10,000 Live SKUS of fabric and wallpaper and retain discipline
- B2C new income streams
- All markets growing with UK steady and US leading growth
- Dominate UK market share in high-end competitive set
- Licensing in UK and US accelerated
- Clarke & Clarke wallpaper launch
- Factories both optimised
- Head office relocation and showcase archive
- Significant progress made against *Live Beautiful* goals including employee engagement and Zeroby30
- Nurturing Talent

J A N ' 2 5

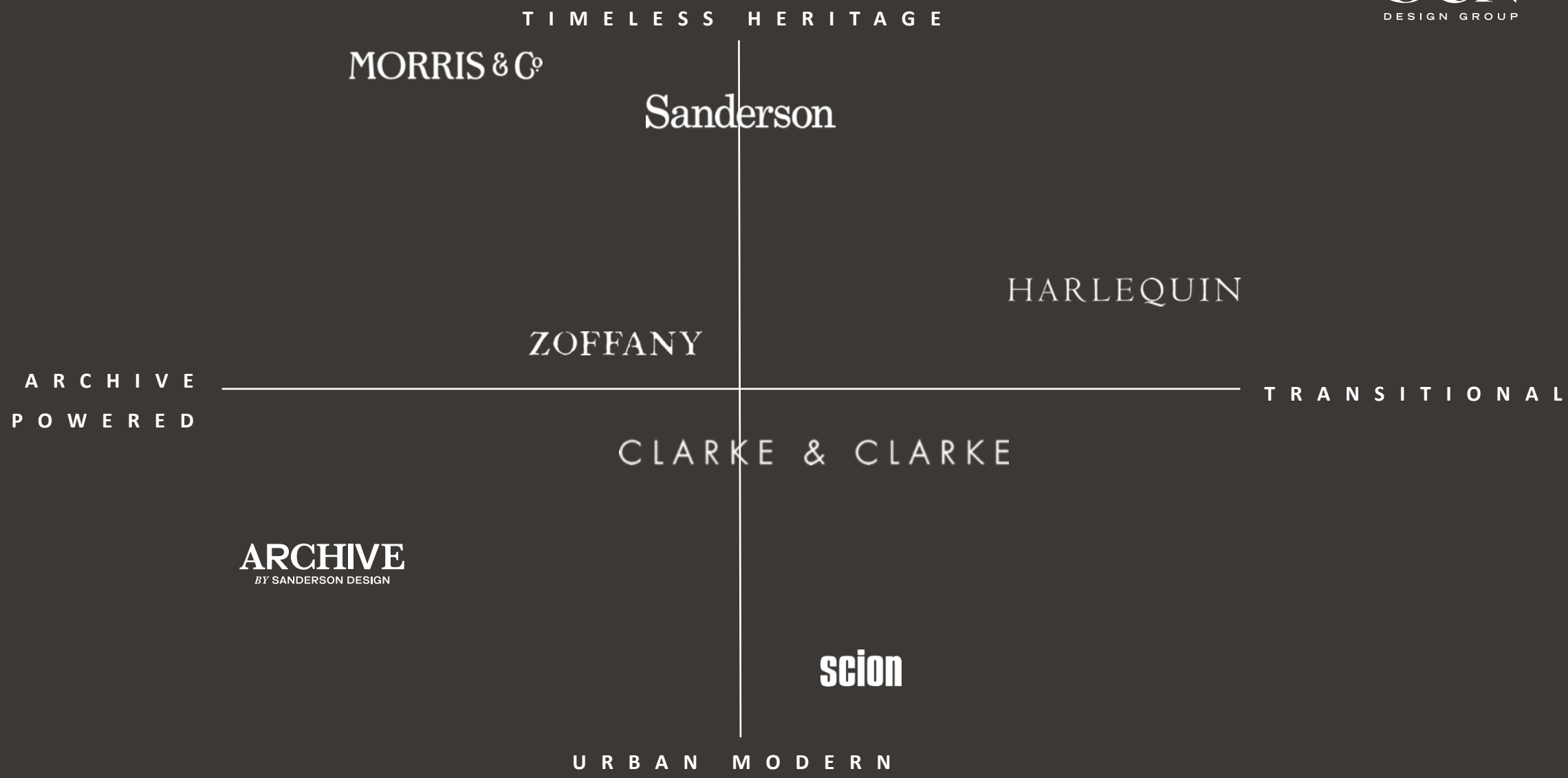
- Growth in all brands
- USA market share doubled from FY20
- UK destination for fabrics and wallpaper
- Retain product focus on core fabric, wallpaper and paint.
- Clarke & Clarke wallpaper sales growth
- Licensing program extended by brand
- Licensing rapid growth in Japan
- Licensing in new territories
- Digital Channels performing
- Design archive assets celebrated
- First half of 0/30 roadmap achieved
- 0/30 second half roadmap defined
- Talent and Apprenticeship Program

Amendments made to FY24 Milestones: Homewares as 3rd lever with Wallpapers and Fabrics, Sourcing division established within the group, Relocation of logistics warehouse



- Ecommerce through partners now represents 17% of US sales, an increase of 77% vs H1 FY22
- Perigold (a luxury division of Wayfair) is performing +80% to LY, representing a significant future growth opportunity
- Influential Studio McGee x Morris & Co. special edit targets a new audience
- Williams Sonoma x Morris & Co. licence, launched at retail in October 2022, extended for an additional two-year period
- Boots on the ground strategy yielding results with a strong network presence of agent showrooms and road reps
- New York showroom relocation underway with reduced, better space and enhanced display
- Group leadership team supporting US management with visits to key regions to identify growth opportunities, meeting agents, designers, press and influencers

BRAND POSITIONING



OUR BRAND CHARACTERS

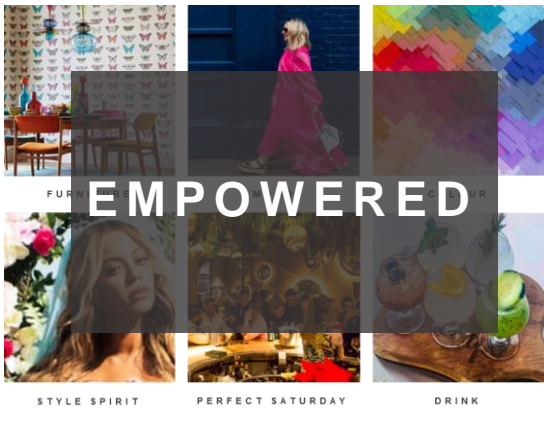
ARCHIVE



CLARKE & CLARKE



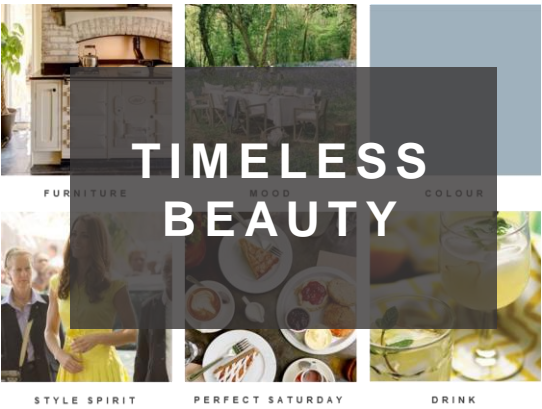
HARLEQUIN



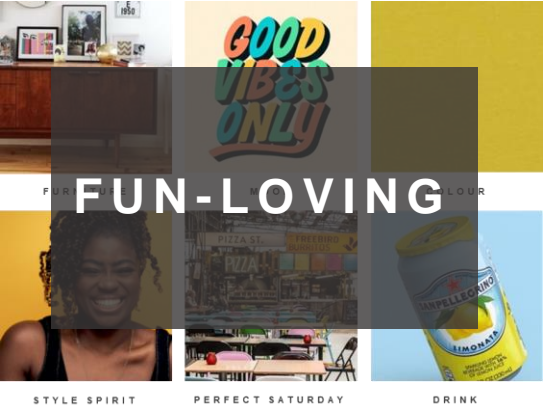
MORRIS & CO.



SANDERSON



SCION



ZOFFANY





CLARKE & CLARKE

- 2 new wallpaper books launched September 2022
- Wedgwood new collection launched worldwide for fabric, homewares and wallpaper
- US distribution partnership with Kravet continues to drive growth for fabric and wallpaper. Finished goods launching AW22
- NEXT driving strong growth for finished goods, supported by Platform Plus, enabling supplier inventory management

LOOKING FORWARD

- First licensing partnership has been signed with Asiatic for rugs to launch mid-October 2022
- New collections, including newly launched wallpaper category launching into John Lewis in October 2022
- Increased influencer activity coming up with @comedowntothewoods (262k followers)



HARLEQUIN

- Own the Room campaigns with collaborators - Diane Hill SS22
- Celebrity Colour Panel, Designer's Presentation and interactive Colour Pods, launched AW22 Colour 3 at FOCUS in September
- John Lewis Partnership strategic alliance activated with the launch of Colour Rooms in two key stores in September 2022
- Harlequin x Brewers exclusive wallpaper edit launched AW22 and their e-commerce store wallpaperdirect.com

LOOKING FORWARD

- Influencer partnerships with TV presenters 2LG studio
- All4 VOD Takeover lands October 2022
- Harlequin x Sophie Robinson capsule launches October 2023



MORRIS & CO.

- Morris & Co. garden at RHS Chelsea in May 2022 received £1.8M media coverage
- First Morris & Co. shop since 1917 opened in Harrods in April 2022
- New licensing partners include Pooky, Totter + Tumble, Next Flowers, and Paige
- Williams Sonoma launches tableware and kitchenware in the first major licensed distribution in the USA, October 2022
- NEXT continues to perform strongly with womenswear

LOOKING FORWARD

- Emery Walker's House and Trust to be celebrated with collaboration collection launching SS23
- Sangetsu Japan launches Morris Chronicles licensed collection of wallcoverings, fabrics and flooring May 2023



SANDERSON

- First US licensing partner Paige successful launched SS22
- Anthropologie sofa collaboration launched July 2022
- New licensee House of Regent launches candles in November

LOOKING FORWARD

- Disney collaboration to celebrate Sanderson vintage designs
- Salvesen Graham trimmings and styling collaboration AW23
- Giles Deacon, couture designer, collaboration launching SS24



ZOFFANY

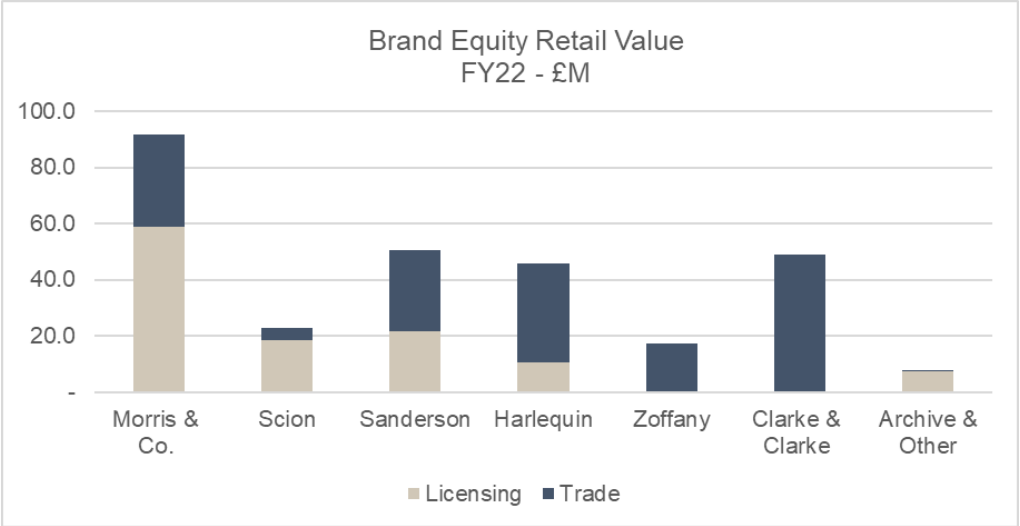
- Working into the DNA and luxury offer
- Customer event at Temple Newsam Estate, the birthplace of Zoffany
- Artistic collaborations with Royal College, H&G Rising Star Award

ARCHIVE

- Following launch September 2021, sales remain small
- Steady growth in consumers, followers, trade buyers and collaborators
- Expansion into finished goods. Pooky strong start in September
- Retail partnerships and Perigold (Wayfair USA) increased presence

SCION

- Scion Living D2C franchise
- Scion x Designs In Mind collaboration capsule supporting social enterprises
- Scion turns 10! Birthday campaign 'Going Lokho' SS23
- Strong licensing program with NEXT and Sangetsu



NETWORK VALUE OF PRODUCT

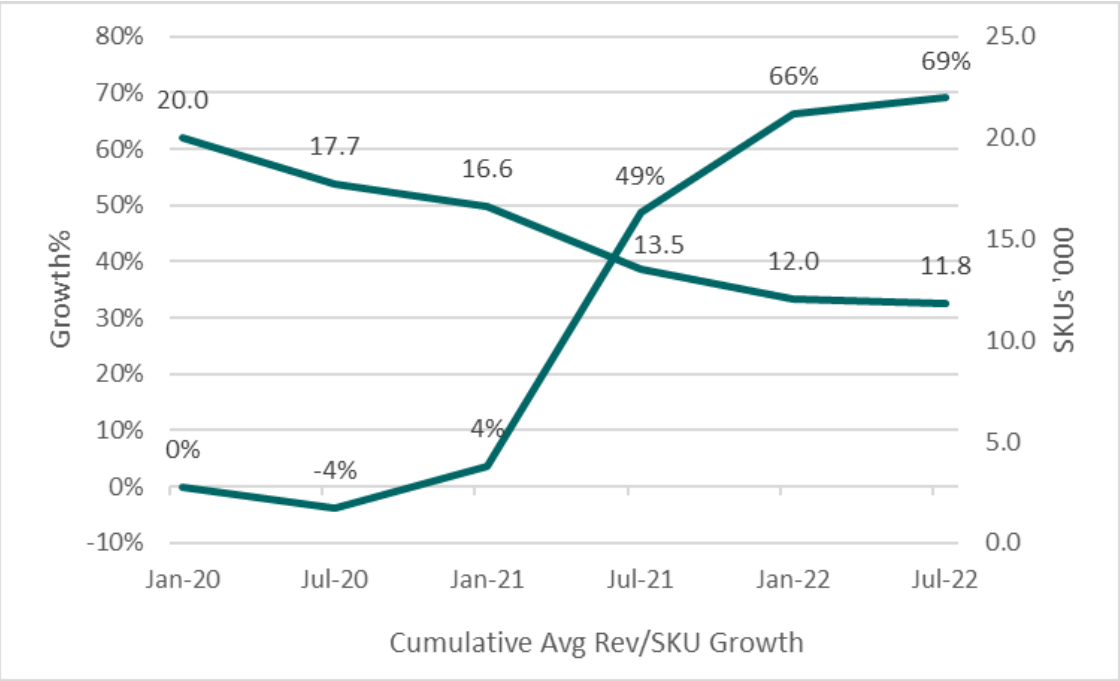
Total Brand Equity - The retail value of all Brand sales is equivalent to c.£150M in H1 FY23 and c.£300M in FY22.

FY22

Trade value:

- Wallpaper, fabric and paint - £84.3M
- Licensing income through partners - £5.0M (underlying performance)

Revenue/Live sku
Fabric and Wallpaper only



Total SKUs reduced 40% from 20,000 to 12,000 over 3 years. Sales per sku increased 69%.

- 30 collections FY23 (SKUs: 925, 81% new, 19% existing)
- 52 collections FY20 (SKUs: 2,330, 100% new)
- Reduction in live SKUs from 20K to 11.8K (41% reduction)
- Deep dive into collection management to fine tune offering
- Digital design previews aid forecasting and planning
- New cutting benches fully operational and delivering significant quality improvements
- Working with suppliers to continue to improve quality at source

MANUFACTURING HIGHLIGHTS



HEALTH & SAFETY External audit and Anstey ISO45001

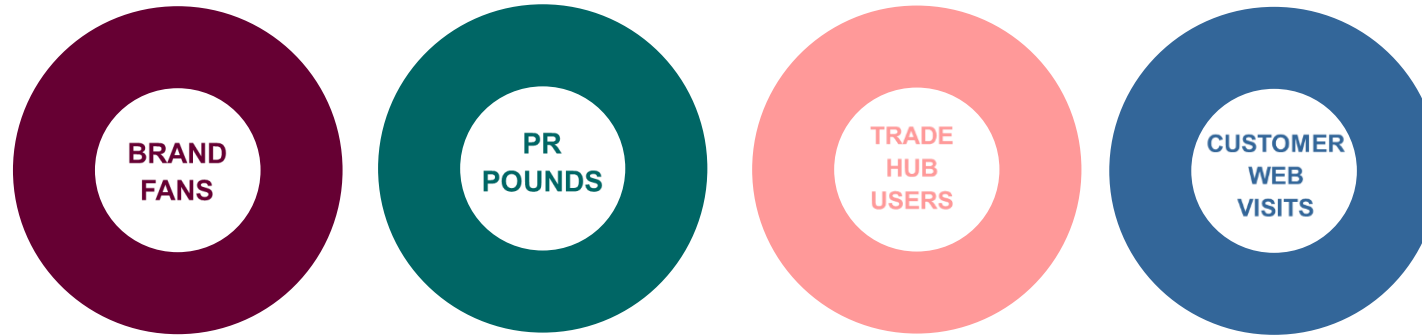
ENERGY Solar panels at Standfast & Barracks for ca 15% electricity consumption at site. Electricity supply reset from Oct 22 and gas under fixed contract until Oct 23

IT New ERP due to complete May 2023 Standfast & Barracks

DIGITAL AT ANSTEY £1.5M capex in 2 new printers

AWARDS Standfast & Barracks won the Global award and Medium Business of the Year at the BIBAs

MARKETING & DIGITAL HIGHLIGHTS



FY TARGET

Increase Instagram followers to 550k (463k H1 FY 2022*)

Increase PR Media Value (AVE**) to 12.5m (£11.5m H1 FY 2022)

Maintain average unique daily Trade Hub Visits at 1.1k (1.1k H1 FY 2022)

Increase average unique daily Consumer Web visits to 9.0k (7.0k H1 FY '22)

ACTUAL***

551k

£14m AVE

1.3k

7.2k

* H1 FY 2022 was measured on Oct 7th 2021; H1 FY 2023 as at end July

**AVE refers to the cost of buying the space taken up by a particular article, had the article been an advertisement. H1 2023 £14m includes £1.8m of Chelsea Flower Show coverage which will not be replicated in H2.

*** As at end July 2022

PROGRAMME OBJECTIVE

- To create a tailored strategy and roadmap to support Sanderson Design Group to achieve a net zero carbon position by 2030.
- Allowing the business to accelerate from ambition to the action needed to deliver on your net zero commitments.



WHAT ARE OUR 'NET ZERO CARBON' TARGETS?



= NET ZERO BY 2030



PlanetMark

WE ARE PLANET MARK CERTIFIED

- Achieved The Planet Mark certification for Year 4
- LED lighting being installed all sites, solar panels at Standfast commenced, and further energy-saving schemes
- Furniture Makers Climate Change Committee and Walpole's Sustainability Working Group
- All packaging reviewed including sugar cane fabric wrapping and cotton totes for bedding



- Commitment to invest in nurturing our talent with the appointment of a Group Learning & Development Partner
- Sanderson Futures Team talent programme for succession
- Strategic partnerships with Furniture Makers Company, QEST and Walpole
- Community groups support local charities and fundraising events
- £3,000 funding granted to Rainbows Children's Hospice by the Royal Warrant Holders Association for Platinum Jubilee
- Group-wide global Jubilee event in honour of the late Queen



Our current year performance to date is testament to the diversity of our model, and we continue to anticipate meeting Board expectations for the full year.

Given the uncertainties in the current macro-economic and consumer environment, we look forward with caution and continue to actively manage the headwinds.

We have a high-quality brand portfolio, growing US presence and strong cash balances to support continued investment.

Alongside continued management action to reduce costs and increase efficiency, we remain confident in the strategy for the business.

SAN DER SON

DESIGN GROUP

