RNS Number : 7700L
Sanderson Design Group PLC
24 April 2024

24 April 2024

SANDERSON DESIGN GROUP PLC

("Sanderson Design Group", the "Company" or the "Group")

Financial Results for the year ended 31 January 2024

Record licensing sales reflect the unique intellectual property in the Group's brands and the strategic focus on licensing as a growth driver

Sanderson Design Group PLC (AIM: SDG), the luxury interior furnishings group, announces its audited financial results for the year ended 31 January 2024.

Financial highlights

Year ended 31 January	2024	2023	Change
Revenue	£108.6m	£112.0m	-3.0%
Adjusted underlying profit before tax*	£12.2m	£12.6m	-3.2%
Adjusted underlying EPS*	13.74p	14.18p	-3.1%
Statutory profit before tax	£10.4m	£10.9m	-5.4%
Basic EPS	11.46p	12.42p	-7.7%
Dividends per share	3.5p	3.5p	-
Cash**	£16.3m	£15.4m	+5.8%

* *Excluding share-based incentives, defined benefit pension charge and non-underlying items as summarised in note 7.*

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

- Revenue marginally down 3.0% at £108.6m (FY2023: £112.0m), in what has been a challenging consumer environment
- A record year for licensing, with sales up 67.7% at £10.9m (FY2023: £6.5m)
- North America, our strategic growth market, performed strongly in the year, with brand product sales up 8.2% in reported currency, and up 9.2% in constant currency
- Total manufacturing sales fell 10.3% to £35.0m (FY2023: £39.0m)
- Operating cost efficiencies and contribution from licensing offset volume decline to deliver broadly similar profit before tax for the year. Adjusted underlying profit before tax of £12.2m (FY2023: £12.6m). Reported profit before tax of £10.4m, down £0.5m (FY2023: £10.9m)
- Liquidity and headroom of £26.3m (FY2023: £27.9m) with cash position of £16.3m (FY2023: £15.4m) and banking facilities of £10.0m (FY2023: £12.5m)
- Proposed final dividend of 2.75p per share (FY2023: 2.75p) to give a total dividend for the year of 3.50p (FY2023: 3.50p)

Operational highlights

- A significant number of new multi-year licensing agreements with a wide range of businesses including major retailers such as NEXT and Sainsbury's
- We announced a direct-to-consumer Morris & Co. online shop that will showcase the strength of the Morris & Co. full portfolio of core products and finished goods to the UK, USA and EU. This adds to the Morris & Co.'s US licensing agreements with Ruggable, the washable rug company, and the US retailer Williams Sonoma, for tableware and cookware
- Strong product launches from our brands, including a collaboration for Sanderson with designer and illustrator Giles Deacon and the Disney Home x Sanderson capsule collection launched in autumn 2023 was well received
- The Group's head office will relocate later in the year to the Sanderson brand's historic home in

Chiswick, west London at Voysey House

Sustainability highlights

- Planet Mark certification for Year 6 of carbon reduction, reflecting our Live Beautiful sustainability pledge
- CO_2 emissions reduced by 10.4% in FY2024 on location basis, ahead of our plan to reach ZeroBy30
- Energy consumption all from renewables, validated by Planet Mark
- Product packaging focus at our warehouses, with 15% reduction in plastic and 12% for cardboard and fabric bags moved from plastic to 100% recycled/100% recyclable
- Climate-related Financial Disclosure Regulations 2022 will be reported in this year's annual report for the first time
- We are proud to be a Real Living Wage employer

Dianne Thompson, Sanderson Design Group's Chairman, said:

"The positive momentum in our licensing activities has continued into the current year with two major renewals, with window coverings company Blinds 2go and rugmaker Brink & Campman, which together represent accelerated income of approximately £2.0m.

"Trading conditions overall are expected to remain challenging in the year. The Board remains focused on its strategic growth drivers, including North America and licensing, and remains confident in the business's agility to navigate further market uncertainties, supported by the Company's strong cash position. The Board's expectations for the current year's performance are unchanged."

Analyst meeting and webcast

A meeting for analysts and institutional investors will be held at 9.30am today, 24 April 2024, at the offices of Buchanan, 107 Cheapside, London EC2V 6DN. For details, please contact Buchanan at SDG@buchanan.uk.com.

A live webcast of the meeting will be available via the following link: https://stream.buchanan.uk.com/broadcast/65f2c92d3fde7fad508df685

A replay of the webcast will be made available following the meeting at the Company's investor website, www.sandersondesign.group.

For further information:

Sanderson Design Group PLC	**c/o Buchanan +44 (0) 20 7466 5000**
Lisa Montague, Chief Executive Officer	
Mike Woodcock, Chief Financial Officer	
David Gracie, Company Secretary	
Investec Bank plc (Nominated Adviser and Joint Broker)	**+44 (0) 20 7597 5970**
David Anderson / Ben Farrow	
Singer Capital Markets (Joint Broker)	**+44 (0) 20 7496 3000**
Tom Salvesen / Jen Boorer / James Todd	
Buchanan	**+44 (0) 20 7466 5000**
Mark Court / Sophie Wills / Toto Berger / Abigail Gilchrist	
SDG@buchanan.uk.com	

Notes for editors:

About Sanderson Design Group

Sanderson Design Group PLC is a luxury interior furnishings company that designs, manufactures and markets wallpapers, fabrics and paints. In addition, the Company derives licensing income from the use of its designs on a wide range of products such as bed and bath collections, rugs, blinds and tableware.

Sanderson Design Group's brands include Zoffany, Sanderson, Morris & Co., Harlequin, Clarke & Clarke and Scion.

The Company has a strong UK manufacturing base comprising Anstey wallpaper factory in Loughborough and Standfast & Barracks, a fabric printing factory, in Lancaster. Both sites manufacture for the Company and for other wallpaper and fabric brands.

Sanderson Design Group employs approximately 600 people and its products are sold worldwide. It has showrooms in London, New York, Chicago and Amsterdam.

Sanderson Design Group trades on the AIM market of the London Stock Exchange under the ticker symbol SDG.

symbol SDG.

For further information please visit: www.sandersondesigngroup.com

CHAIRMAN'S STATEMENT

During the year ended 31 January 2024, our licensing activities within our brands business became firmly established as the third strategic pillar for the Group, complementing our brand sales and manufacturing operations. For the first time in the Group's history, licensing contributed more than £10m of sales, at £10.9m for the year ended 31 January 2024 (FY2023: £6.5m). These record sales reflect the unique intellectual property in the Group's brands and design archives along with the Board's strategic focus on licensing as a growth driver.

During the year, we signed a significant number of new licensing agreements with a wide range of businesses including major companies such as NEXT and Sainsbury's. The visibility of licensing income continues to strengthen, given recent and upcoming product launches, contract renewals and extensions, and a strong pipeline of opportunities. The incremental costs to the Group of licensing sales are very low so licensing is reported at a 100% margin, and leverages the strength of our brands' performance over recent years.

The excellent performance from licensing during the year mitigated the challenging consumer environments in the UK and other markets but North America, the Group's second largest market after the UK, performed strongly and will continue to be the Group's most important geographic region for driving growth. The strategy for the UK and other geographic regions is to control costs and drive efficiency whilst ensuring that the Group is positioned to take advantage of any upturn in consumer confidence.

During the year, we have continued to advance our Live Beautiful sustainability strategy, which has two major commitments: for the Company to be net carbon zero by 2030 and to be the employer of choice in the interior design and furnishings industry. We were pleased to receive our Planet Mark Year 6 certification earlier this year, marking the sixth financial year that the sustainability of our business has been measured by Planet Mark, the sustainability certification organisation. In the year to 31 January 2024, our total carbon footprint was 5,707 tonnes, a decrease on FY2023's 6,368 tonnes reflecting continued progress in our journey to net zero.

This year's annual report marks the first time that the Group has been required to include a report under the Climate-related Financial Disclosure Regulations 2022. We welcome this opportunity to provide further clarity for investors and wider stakeholders on how the Group is managing climate-related risks and opportunities.

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

Financial results

The results for the year ended 31 January 2024 reflect strong growth in licensing income offset by the challenging consumer environment in the UK and Europe. Adjusted underlying profit before tax at £12.2m was down 3.2% on the previous year (FY2023: £12.6m). Reported profit before tax of £10.4m was down 5.4% for the year ended 31 January 2024 (FY2023: £10.9m). The Group's Balance Sheet remains strong with cash at the year end of £16.3m compared with £15.4m at 31 January 2023 and £15.9m at 31 July 2023.

Dividend

The Directors recommend a final dividend of 2.75p (FY2023: 2.75p) taking the full year dividend to 3.50p (FY2023: 3.50p). Payment of the final dividend, if approved at the Company's forthcoming Annual General Meeting, will be made on 9 August 2024 to shareholders on the Company's register at 12 July 2024, with an ex-dividend date of 11 July 2024. The Board remains committed to a progressive dividend policy as part of the capital allocation priorities of the Group.

People

On behalf of the Board, I would like to thank all of our colleagues for their commitment, energy and creativity during another year of challenges and opportunities for the business.

Outlook

The positive momentum in our licensing activities has continued into the current year with two major renewals, with window coverings company Blinds 2go and rugmaker Brink & Campman, which together represent accelerated income of approximately £2.0m.

Trading conditions overall are expected to remain challenging in the year. The Board remains focused on its strategic growth drivers, including North America and licensing, and remains confident in the business's agility to navigate further market uncertainties, supported by the Company's strong cash position. The Board's expectations for the current year's performance are unchanged.

Dianne Thompson
Non-executive Chairman
23 April 2024

CHIEF EXECUTIVE OFFICER'S STRATEGY AND OPERATING REVIEW

Introduction

The results for the year ended 31 January 2024 show the strength of our business model, which has provided the Group with the ability to face into a generally challenging consumer environment. Our business model has three pillars - brands, licensing and manufacturing - bringing resilience to the Group business model has three pillars - brands, licensing and manufacturing - bringing resilience to the Group in that the impact of subdued consumer confidence on brand product sales has been substantially mitigated by licensing, which is now firmly established as a key part of the business.

It was a record year for licensing, with sales up almost 68% at £10.9m (FY2023: £6.5m), representing approximately 10% of Group sales. As licensing is reported at 100% margin, as a result of leveraging the strength of our brand's performance over recent years, the contribution to Group profits is substantial.

The strategic growth market of North America performed strongly in the year, with brand product sales up 8.2% in reported currency, and up 9.2% in constant currency. Total Group sales for the year were 3.0% below the prior year at £108.6m (FY2023: £112.0m) in reported currency, down 3.0% in constant currency.

As part of our continued focus on cost control, we successfully managed inflationary pressures during the year including pay rises in line with the Real Living Wage. We are proud to be a Real Living Wage employer and we have honoured this year's increase for FY2025. We again finished the year with a strong balance sheet, with cash at 31 January 2024 of £16.3m, which protects the business in current markets and enables us to invest for growth.

We have entered the current financial year with strong momentum in licensing and with strong product launches from our brands, including a collaboration for Sanderson with designer and illustrator Giles Deacon. The Sanderson brand is a key focus for the current year with a number of initiatives underway to maximise the success of the brand, starting with Giles Deacon's collection, which has been well received.

We were pleased to announce recently that the Group's head office will relocate later in the year to the Sanderson brand's historic home in Chiswick, West London. The Group has become sole tenant of Voysey House, a building originally designed by the Arts & Crafts architect and designer CFA Voysey, in 1902, as a wallpaper factory for Arthur Sanderson & Sons, the forerunner of the Group's Sanderson brand.

The relocation to London is expected to be cost neutral on a run rate basis as Voysey House is a smaller building than the current headquarters and the London location reduces the requirement for showroom space elsewhere. The strategic benefits of being in London include supporting the sales and marketing of Group brands, better showcasing the Sanderson and Morris & Co. archives and assisting in attracting and retaining talent.

Our commitment to developing talent in our industry includes working with the Queen Elizabeth Scholarship Trust ('QEST'), a charity dedicated to supporting excellence in British craftsmanship, and we recently announced that we are sponsoring a new QEST rising star craft award. I am also proud to represent our Royal Warrant holding brand, Sanderson, as a trustee of QEST and it is a privilege to be able to contribute on behalf of the Group.

STRATEGY AND PROGRESS

Our core strategy for the Group, which is set out below, was reaffirmed at the time of our half year results in October 2023 when we also highlighted particular strategic priorities including a focus on international growth, licensing, re-energising the Sanderson brand and investment in technology to drive innovation, efficiency and environmental benefits. Our strategy is underpinned and guided by our Live Beautiful sustainability strategy in which we are focused on achieving net zero by 2030.

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

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

Partnering with key customers: The strategic focus on the individuality of each brand, and our tailored service, will help cement relationships with key customers, while enhanced communication will drive demand for both heritage and contemporary brands from consumers, through our interior design partners, retail channels and hospitality partners. We will 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, and we will benefit from doing even more to bring in new creative and other talent, nurture it and create a high-performance culture.

Growing key geographies: Our brands have significant international market potential, reflected in them being sold in more than 85 countries worldwide. To maximise return, we are focused on building market share in key geographies: the USA, France, Germany and Japan, while supporting our UK base. Our approach is tailored to each individual region.

OPERATIONAL REVIEW

The table below shows the Group's sales performance in the year ended 31 January 2024, compared with FY2023. The table shows our three key revenue streams of brand product sales, licensing income and manufacturing. It also gives the four key geographies of our brand product sales: the UK, Northern Europe, North America and Rest of the World.

	Year to 31 January (£m)		**% Change** FY2024 v FY2023	
	2024	2023	Reported	Constant Currency
Brands				
UK	37.9	42.6	(11.0)%	(11.0)%
North America	21.4	19.8	8.2%	9.2%
Northern Europe	9.9	10.8	(8.8)%	(9.1)%

Northern Europe	[illegible]	[illegible]	[illegible]	[illegible]
Rest of the World	9.6	10.2	(5.8)%	(6.8)%
Total Brand product revenue	**78.8**	83.4	(5.6)%	(5.5)%
Manufacturing				
External	18.9	22.1	(14.5)%	(14.5)%
Internal (eliminated on consolidation)	16.1	16.9	(4.7)%	(4.7)%
Total Manufacturing revenue	**35.0**	39.0	(10.3)%	(10.3)%
Total Licence revenue	**10.9**	6.5	67.7%	67.7%
TOTAL GROUP REVENUE	**108.6**	112.0	(3.1)%	(3.0)%

BRANDS

The Brands segment comprises heritage brands Morris & Co., Sanderson, and Zoffany and contemporary brands Clarke & Clarke, Harlequin, and Scion.

Brands	**Year ended 31 January (£m)**		**2024 versus 2023**	
	2024	2023	Reported	Constant currency
Morris & Co.	**19.1**	19.0	0.3%	0.8%
Sanderson	**13.6**	14.0	(3.2)%	(3.2)%
Zoffany	**8.2**	8.8	(7.3)%	(7.2)%
Clarke & Clarke	**22.4**	23.6	(4.9)%	(5.1)%
Harlequin	**14.0**	15.8	(11.2)%	(11.2)%
Scion	**1.3**	1.8	(29.4)%	(29.6)%
Other	**0.2**	0.4	(35.5)%	(33.7)%
Total	**78.8**	83.4	(5.6)%	(5.5)%

Morris & Co.

Morris & Co. is our leading heritage brand. Founded by William Morris in 1860 and powered by a substantial archive of designs, wallpapers, fabrics, printing blocks and fragments, Morris & Co. has authority and integrity as the home of William Morris.

Brand product sales during the year at £19.1m in reported currency were broadly unchanged compared with FY2023.

By region, sales were up strongly in North America with an increase of 24% in constant currency, as a result of initiatives including a special edit in a collaboration with McGee & Co, a direct-to-consumer website created by the influential interiors company Studio McGee.

In addition to brand product sales, Morris & Co. makes a substantial contribution to the Group through licensing agreements, examples of which are discussed in the Licensing section below.

The momentum behind the Morris & Co. brand has continued in the current financial year. In March 2024, we announced a direct-to-consumer collaboration in which Morris & Co. wallpapers, fabrics and licensed products will be made available from a dedicated online shop serving customers in the UK, USA and other countries worldwide. The Morris & Co. online shop will be launched in the second half of FY2025 and will be developed and operated in collaboration with Design Online Limited ('Design Online'), a business that already operates an online shop for the Scion brand.

We have also recently announced an exciting collaboration agreement for the Morris & Co. brand with The Huntington Library, Art Museum, and Botanical Gardens ('The Huntington'), a renowned education and research institution in San Marino, California, with a vast archive of William Morris's work, including textiles, wallpapers, tapestries, books and other items. The Huntington archive includes unique, unfinished designs by William Morris and, under the terms of the collaboration agreement, Sanderson Design Group will use this unfinished work as the inspiration for an entirely new collection of Morris & Co. wallpapers and fabrics, expected to launch in September 2025.

Sanderson

The Sanderson brand is a strategic focus for the Group with a number of initiatives underway or planned to elevate the brand during the course of this year and next. The heightened focus on the brand in the current year has started with the launch of a capsule collection through a collaboration with Giles Deacon, the renowned couture designer and illustrator, who has innovatively reworked original Sanderson designs.

Sanderson's brand product sales were £13.6m in reported currency during the year, slightly down on £14.0m in the prior year. The brand grew well in North America, with sales up 10% in constant currency compared with FY2023.

The Disney Home x Sanderson capsule collection of fabrics and wallpapers, based on original Sanderson wallpapers, launched in autumn 2023 and has been well received. We remain positive about the future potential of this collection.

Other collaborations during the year included a trimmings launch by Salvesen Graham, a renowned British design duo, who have created a small collection of trimmings to complement the brand's fabrics and wallpapers.

Zoffany

Zoffany

Zoffany is the Group's luxury, interior designer-led brand, which occupies the highest quality positioning of the Group's brands. We have reconnected the brand to its roots in the restoration of grand houses, positioning it for high-end bespoke projects. During the year, Zoffany's brand product sales were £8.2m in reported currency, down from £8.8m in the prior year. In North America, the brand's sales were up 12% in constant currency.

The Suffolk Damasks and Stripes collection was launched in autumn 2023, celebrating the work of traditional English silk manufacturers, and the Arcadian Thames collection has continued to sell well.

Zoffany has performed particularly well in the US, where the Company has been working directly with designers on major residential projects.

Clarke & Clarke

Clarke & Clarke, our biggest selling brand, reported brand product sales of £22.4m in reported currency, down from £23.6m in the prior year. In North America, sales were down 5% in constant currency but the brand finished the year strongly after the renewal for a further five years of the distribution agreement with Kravet Inc., which distributes the brand in North America.

The brand, which historically did not have licensing partners, is also beginning to make an important contribution to the Group's licensing sales thanks to the NEXT agreement launching in spring/summer 2024.

During the year, Clarke & Clarke formed an important collaboration in the USA with Breegan Jane, the California-based interior designer and lifestyle commentator.

Harlequin

Harlequin remains the biggest selling wallpaper and fabric brand in John Lewis, which in the autumn last year launched its own Harlequin-licensed products including cushions. Harlequin collections are presented as colour stories to suit each of four design pillars - Rewild, Reflect, Retreat and Renew - and the Group is gaining traction in promoting the brand through this initiative.

Harlequin's brand product sales were £14.0m in the year in reported currency compared with £15.8m in the prior year. In North America, the brand's sales were up 4% in constant currency.

The Sophie Robinson collection was launched in the autumn last year and has been well received. A new collaboration will follow for autumn/winter 2024 created by designer and tastemaker Henry Holland of henryhollandstudio.com.

Scion

Scion is predominantly a licensing brand, and its licensing revenue makes a strong contribution to the Group. Scion is also a direct-to-consumer brand from the scionliving.com website, which brings all Scion products onto one platform. Owing to this positioning, the Company no longer produces full seasonal collections of wallpapers and fabrics but launches capsule collections instead to bring newness. The brand's product sales during the year were £1.3m in reportable currency, down from £1.8m in the prior year.

MANUFACTURING

Our two factories, Standfast & Barracks textiles and Anstey Wallpaper Company, print for our own brands and for third parties, positioning them 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.

Reducing energy consumption as part of our net zero commitments has been a continued focus in our manufacturing operations along with positive steps to improve biodiversity, including staff-based initiatives such as allotments and flower growing at the Anstey wallpaper factory.

	Year ended 31 January (£m)		**2024 versus 2023**
	2024	2023	Reported
Sales to Group brands	16.1	16.9	(4.7)%
Third party sales	18.9	22.1	(14.5)%
Total Manufacturing sales	**35.0**	39.0	(10.2)%

Standfast & Barracks ('Standfast')

Standfast, our fabric printing factory, is widely regarded, internationally, as the destination for creative, innovative and high-quality fabric printing. Standfast continues to exploit its extensive archive and original artwork, with a talented design studio that reinterprets antique, heritage and classic design into prints relevant for today.

2024 is a landmark year for Standfast in that the factory celebrates its 100th anniversary. A programme of events is planned to celebrate a century in business and to promote the factory's capabilities.

Total sales at Standfast in the year were £19.1m (FY2023: £20.7m) and digital printing as a proportion of factory output was 77% (FY2023: 74%).

Anstey Wallpaper Company ('Anstey')

Anstey, our wallpaper printing and paint-tinting business, is an unrivalled factory in its range of wallpaper printing techniques on one site. We continue to invest in new technology to extend the potential of the factory and to build on its unique capabilities.

Total sales at Anstey were £15.9m (FY2023: £18.3m) and digital printing as a proportion of factory output was 18% (FY2023: 16%).

In the current financial year, we have continued to focus on efficiency and, reflecting lower volumes and the growing proportion of less labour-intensive digital production at Anstey, we have completed a consultation exercise resulting in a reduction of 24 of the 126 roles at the factory.

This reduction in roles will lead to annualised cost savings of £1.1m at an exceptional cost in the current financial year of £0.5m. The estimated cost saving in the current year is approximately £0.7m. I thank all colleagues at Anstey and across the Group for their understanding as we make these important changes to evolve the business for future success.

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

Licensing had a record year, with sales and profits up 67.7% at £10.9m (FY2023: £6.5m) including £6.5m of accelerated income (FY2023: £2.4m) from licence agreements signed during the year, including major new deals along with a number of smaller deals, 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.

Major licensing agreements signed in the year included NEXT with the Clarke & Clarke brand for a wide range of homewares. This five-year agreement, the first products from which have already been launched, included accelerated income of £3.0m. A major, multi-year agreement was also signed with J Sainsbury plc, in which the supermarket group's Habitat homewares brand and Tu clothing brand will develop a wide range of licensed products in collaboration with the Morris & Co. and Scion brands respectively.

Renewals signed during the year include a three-year renewal with Bedeck starting February 2024, which was extended by a further two years to 2029, and the Morris & Co. deal with US retailer Williams Sonoma, which was extended by a further year until August 2026 with new product categories added. In addition, Williams Sonoma's monogrammed gifting brand Mark & Graham has signed a three-year agreement with the Sanderson brand for the USA and Canada.

Close to the year end, we announced a direct-to-consumer Morris & Co. online shop that will showcase the strength of the Morris & Co. full portfolio of core products and finished goods to the UK, USA and EU. We expect the site to launch in the second half of FY2025 and are working with our operating partner, who will act as an agent, to build the proposition and halo the brand for the benefit of all our customers.

Morris & Co.'s US agreement with Ruggable LLC, the washable rug company, performed strongly during the year, providing a larger than expected contribution. The agreement was also expanded to include European countries including the UK, Ireland, Germany, France and Austria.

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

SUMMARY

We have confidence in our brands, products and strategy and particularly in our people, who are the foundation of the Company. Whilst the consumer environment in the year ahead will bring challenges, we intend to maximise the many opportunities available to the Group, particularly through the strategic priorities outlined at the time of our half year results in October 2023 including a focus on international growth, licensing income and re-energising the Sanderson brand.

Lisa Montague
Chief Executive Officer
23 April 2024

CHIEF FINANCIAL OFFICER'S REVIEW

The Chairman's Statement and the Chief Executive Officer's Strategic and Operating Review both provide analysis of the key factors contributing to our financial results for the year ended 31 January 2024. In a challenging consumer environment, profits have been underpinned by the exceptional performance of the Licensing channel. The Balance Sheet remains a key strength of the Group with net cash of £16.3m on hand at year-end.

Revenue

Our reported revenue for the year was £108.6m compared with £112.0m in FY2023.

Revenue	FY2024 £m	FY2023 £m	Change FY2023
Brand Product	78.8	83.4	(5.6%)
Manufacturing - External	18.9	22.1	(14.5%)
Licensing	10.9	6.5	67.7%
Group	108.6	112.0	(3.1%)

Gross profit
Gross profit for the full year was £73.7m compared with £74.2m in FY2023 whilst the gross profit margin at 67.9% represents an increase of 160 basis points over FY2023. Excluding the impact of licence income, which generates 100% gross profit, margins improved slightly to 64.3% in FY2024 versus 64.2%

income, which generates 100% gross profit, margins improved slightly to 64.3% in FY2024 versus 64.2% in FY2023.

	FY2024	FY2023
Brands and Manufacturing		
Revenue (£m)	97.7	105.5
Gross profit (£m)	62.8	67.7
%	64.3%	64.2%
Licensing		
Revenue (£m)	10.9	6.5
Gross profit (£m)	10.9	6.5
%	100%	100%
Total		
Revenue (£m)	108.6	112.0
Gross profit (£m)	73.7	74.2
%	67.9%	66.3%

Within the Brands division gross margin improved by 1.0%. Now that our SKU reduction programme is largely complete and sales per SKU are growing, we are starting to realise volume-related sourcing efficiencies and have been able to reduce the level of promotional activity required to clear slow-selling collections.

Conversely, our Manufacturing division has been impacted by reduced volumes of both internal and external orders. Given the relatively high fixed cost base of both of our factories, gross margins fell by nearly 4% despite a number of cost-saving measures that were implemented during the year. Following the year-end we have completed a restructuring of our Anstey Wallpaper facility to reflect both lower volumes and a growing proportion of less labour-intensive, digital production.

Profit before tax

Profit before tax was £10.4m, down from £10.9m in FY2023. This resilient performance is driven by the strength of licensing revenues, gross margin improvement and a continued focus on cost control.

	FY2024 £m	FY2023 £m
Revenue	108.6	112.0
Gross profit	73.7	74.2
Distribution and selling expenses	(25.3)	(25.1)
Administration expenses	(43.5)	(43.0)
Other operating income	4.9	4.5
Finance income - net	0.6	0.3
Profit before tax	10.4	10.9

Distribution and selling expenses increased by £0.2m compared to FY2023 although this was entirely due to an increase in the cost of marketing materials (mainly pattern books). Income from the sales of these pattern books is responsible for the increase of £0.4m in Other Operating Income.

Administration expenses grew to £43.5m in FY2024 from £43.0m in FY2023. Inflationary pressures impacted all areas of spend, however, we continued to implement cost efficiency measures which limited this increase to only 1% compared to the prior year. Administration expenses remain £2.1m below the pre-Covid FY2020 levels.

Adjusted underlying profit before tax

The adjusted underlying profit before tax was £12.2m, down from £12.6m in FY2023.

	2024 £m	2023 £m
Profit before tax	10.4	10.9
Amortisation of acquired intangible assets	0.3	0.8
Restructuring and reorganisation costs	0.6	-
Share-based payment charge	0.5	0.5
Net defined benefit pension charge	0.4	0.4
Adjusted underlying profit before tax	12.2	12.6

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. Share-based payment charges are excluded as they are a non-cash measure.

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

Non-underlying items in the year of £0.9m (FY2023: £0.8m) refer to the amortisation of intangible assets in respect of the acquisition of Clarke & Clarke in October 2016 and the restructuring and reorganisation of Anstey. Please refer to note 7(b) for further details of the adjusted underlying profit before tax.

Taxation

Tax for the year is charged on profit before tax based on the forecast effective tax rate for the full year. The estimated effective tax rate (before adjusting items) for the year is 21% (FY2023: 19%).

Capital expenditure

Capital expenditure in the year totalled £3.3m (FY2023: £4.8m). We continue to focus our investment on digital printing technology, across both of our factories, and in projects that reduce our environmental impact and support our Live Beautiful sustainability strategy. Significant investments in the year included a new, more efficient Steamer at Standfast & Barracks, and the commissioning of our new Durst Digital Wallpaper Printer at Anstey.

The reduced level of spend compared to FY2023 was due to delays in a number of planned projects including the installation of solar panels and the new ERP system at Standfast and the relocation of the Group's head office, all of which will now be completed in FY2025.

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.

During the year, several long-term licensing agreements were agreed, including those with NEXT Plc, Sainsbury/Habitat and envogue. As a result, on 31 January 2024, minimum guaranteed licensing receivables due after more than one year grew to £7.3m (FY2023: £2.6m) and those due within one year grew to £2.1m (FY2023: £1.4m).

Inventories

Despite cost increases driven by the continued impact of salary, utility, and raw material inflation for both our in-house factories and third-party suppliers, net inventories fell by £1.1m ending the year at £26.7m compared to £27.8m for FY2023.

Now that our SKU reduction strategy has been completed, we have been able to reduce our investment in finished goods inventory whilst also increasing the availability of our best-selling ranges. Reduced production volumes in our factories has meant that raw material and work-in-progress levels remain above their optimum level and this will be an area of focus for us in FY2025.

Trade receivables

Trade receivables declined to £10.8m (FY2023: £12.0m) reflecting the lower level of Brand and Manufacturing sales.

Our business model means that most of our customers do not hold inventory. We are able to quickly react to any aged accounts in order to mitigate potential credit risks. As a result, despite the current economic environment, we have experienced limited bad debts in the last year.

The ageing profile of trade debtors shows that the majority of customers are close to terms although the wider economy presents an enhanced level of credit risk. In addition to specific provisions against individual receivables, a provision has been made of £0.6m (FY2023: £0.9m), which is a collective assessment of the risk against non-specific receivables calculated in accordance with IFRS 9.

Cash position and banking facilities

Net cash from operating activities was £9.1m (FY2023: £5.6m).

The principal driver for the year-on-year improvement was a £1.1m fall in inventory compared to a £4.9m increase in FY2023.

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

The Group's banking facilities are provided by Barclays Bank plc. The Group has a £10.0m multi-currency revolving credit facility which was renewed in February 2024. The agreement also includes a £7.5m uncommitted accordion facility to further increase available credit. This provides substantial headroom for future growth. Our covenants under this facility are EBITDA and interest cover measures. This facility has not been drawn during 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.

Deficit contribution schedules have been agreed with the schemes' trustees. The Group will continue making cash contributions, at levels similar to historical amounts, to make good any deficits, as well as making contributions towards the ongoing expenses incurred in the running of the schemes.

The methodology and assumptions prescribed for the purposes of IAS 19 mean that the Balance Sheet surplus or deficit, the Profit or Loss figures and the Statement of Comprehensive Income figures are inherently volatile and vary greatly according to investment market conditions at each accounting date. The Group has reported a net liability of £0.9m on 31 January 2024 compared with a £2.4m net liability on 31 January 2023.

Dividend

During the financial year, an interim dividend of 0.75p per share was paid on 2 November 2023. A final dividend of 2.75p is now proposed taking the full year dividend to 3.50p. This payment will be made on 9 August 2024 to the shareholders registered on the Company's register on 12 July 2024 if approved at the Company's forthcoming Annual General Meeting, with an ex-dividend date of 11 July 2024. The Board remains committed to a progressive dividend policy as part of the capital allocation priorities of the Group.

Capital allocation policy

The level of capital investment required in the coming years is likely to be significantly above historical levels as we look to boost our digital printing capacity in both our factories whilst also investing in improved systems to improve our customer service proposition. Our forward expenditure programme is closely aligned to our Live Beautiful strategy with capital maintenance projects only being approved if they can be proven to support us on our journey to ZeroBy30.

We remain committed to retaining a strong balance sheet and acknowledge that we have two defined benefit pension plans we are committed to supporting. We continue to look at whether there is appropriate action which could be taken to help reduce pension scheme risks within our wider business objectives.

Going concern

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

Mike Woodcock
Chief Financial Officer
23 April 2024

Consolidated Income Statement

Year ended 31 January 2024

	Note	**2024 £000**	2023 £000

Revenue	3	**108,636**	111,978
Cost of sales		**(34,954)**	(37,761)
Gross profit		**73,682**	74,217
Net operating (expenses)/income:			
Distribution and selling expenses		**(25,320)**	(25,043)
Administration expenses		**(43,559)**	(42,997)
Other operating income	4	**4,932**	4,470
Profit from operations		**9,735**	10,647
Finance income		**847**	445
Finance costs		**(228)**	(152)
Net finance income	5	**619**	293
Profit before tax		**10,354**	10,940
Tax expense	6	**(2,157)**	(2,115)
Profit for the year attributable to owners of the parent		**8,197**	8,825
Earnings per share - Basic	7	**11.46p**	12.42p
Earnings per share - Diluted	7	**11.34p**	12.31p
Adjusted earnings per share - Basic*	7	**13.74p**	14.18p
Adjusted earnings per share - Diluted*	7	**13.59p**	14.08p

* *These are alternative performance measures.*

All of the activities of the Group are continuing operations.

Consolidated Statement of Comprehensive Income

Year ended 31 January 2024

	2024 £000	2023 £000
Profit for the year	**8,197**	8,825
Other comprehensive (expense)/income:		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension schemes	**(116)**	(6,981)
Deferred tax (charge)/credit relating to pension scheme liabilities	**(404)**	1,745
Corporation tax credit relating to pension scheme contributions	**399**	-
Investment-related defined benefit pension costs	**(218)**	-
Cash flow hedge	**(86)**	112
Total items that will not be reclassified to profit or loss	**(425)**	(5,124)
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	**(402)**	429
Other comprehensive expense for the year, net of tax	**(827)**	(4,695)
Total comprehensive income for the year attributable to the owners of the parent	**7,370**	4,130

Consolidated Balance Sheet

As at 31 January 2024

	31 January 2024 £000	31 January 2023 £000
Non-current assets		
Intangible assets	**26,695**	26,448

	31 January 2024 £000	31 January 2023 £000
Property, plant and equipment	**12,444**	12,619
Right-of-use assets	**4,986**	4,577
Minimum guaranteed licensing receivables	**7,304**	2,637
	51,429	46,281
Current assets		
Inventories	**26,706**	27,774
Trade and other receivables	**13,996**	16,327
Minimum guaranteed licensing receivables	**2,144**	1,433
Financial derivative instruments	**26**	112
Cash and cash equivalents	**16,342**	15,401
	59,214	61,047
Total assets	**110,643**	107,328
Current liabilities		
Trade and other payables	**(14,077)**	(16,280)
Corporation tax payable	**(806)**	(6)
Lease liabilities	**(1,450)**	(1,701)
Provision for liabilities and charges	**(1,437)**	-
	(17,770)	(17,987)
Net current assets	**41,444**	43,060
Non-current liabilities		
Lease liabilities	**(3,696)**	(3,421)
Deferred income tax liabilities	**(1,747)**	(1,121)
Retirement benefit obligations	**(897)**	(2,446)
Provision for liabilities and charges	**-**	(1,037)
	(6,340)	(8,025)
Total liabilities	**(24,110)**	(26,012)
Net assets	**86,533**	81,316
Equity		
Share capital	**717**	715
Share premium account	**18,682**	18,682
Retained earnings	**27,396**	21,779
Other reserves	**39,738**	40,140
Total equity	**86,533**	81,316

Consolidated Cash Flow Statement

Year ended 31 January 2024

	2024 £000	2023 £000
Cash flows from operating activities		
Profit from operations	**9,735**	10,647
Intangible asset amortisation	**817**	1,493
Property, plant and equipment depreciation and impairment	**2,333**	2,429
Right-of-use asset depreciation	**2,381**	2,407
Loss on disposal of fixed assets	**-**	86
Share-based payment charge	**480**	493
Defined benefit pension charge	**360**	500
Employer contributions to pension schemes	**(2,314)**	(2,382)
Decrease/(increase) in inventories	**1,068**	(4,911)
Decrease in trade and other receivables	**2,000**	28
Increase in minimum guaranteed licensing receivables	**(4,747)**	(1,231)
Decrease in trade and other payables	**(2,611)**	(2,111)
Increase/(decrease) in provision for liabilities and charges	**400**	(822)
Tax paid	**(810)**	(1,009)
Net cash from operating activities	**9,092**	5,617
Cash flows from investing activities		
Finance income received	**216**	28
Purchase of intangible assets	**(1,064)**	(686)
Purchase of property, plant and equipment	**(2,195)**	(4,103)
Net cash used in investing activities	**(3,043)**	(4,761)
Cash flows from financing activities		

	2024 £000	2023 £000
Cash flows from financing activities		
Repayment of lease liabilities	**(2,434)**	(1,984)
Interest paid	**(17)**	-
Repurchase of shares vesting from share-based payment	**-**	(430)
Dividends paid	**(2,501)**	(2,484)
Net cash used in financing activities	**(4,952)**	(4,898)
Net increase/(decrease) in cash and cash equivalents	**1,097**	(4,042)
Net foreign exchange movement	**(156)**	393
Cash and cash equivalents at beginning of year	**15,401**	19,050
Cash and cash equivalents at end of year	**16,342**	15,401

Consolidated Statement Of Changes in Equity

Year ended 31 January 2024

	Attributable to owners of the parent				
	Share capital £000	Share premium account £000	Retained earnings £000	Other reserves £000	Total equity £000
Balance at 1 February 2022	710	18,682	20,610	39,711	79,713
Profit for the year	-	-	8,825	-	8,825
Other comprehensive income/(expense):					
Remeasurements of defined benefit pension schemes	-	-	(6,981)	-	(6,981)
Deferred tax credit relating to pension scheme assets	-	-	1,745	-	1,745
Cash flow hedge	-	-	112	-	112
Currency translation differences	-	-	-	429	429
Total comprehensive income	-	-	3,701	429	4,130
Transactions with owners, recognised directly in equity:					
Dividends	-	-	(2,484)	-	(2,484)
Issuance of share capital for share-based payment vesting	5	-	(5)	-	-
Share-based payment equity charge	-	-	493	-	493
Related tax movements on share-based payment	-	-	(106)	-	(106)
Share-based payment vesting	-	-	(430)	-	(430)
Balance at 31 January 2023	715	18,682	21,779	40,140	81,316

Consolidated Statement Of Changes in Equity

Year ended 31 January 2024

	Attributable to owners of the parent				
	Share capital £000	Share premium account £000	Retained earnings £000	Other reserves £000	Total equity £000
Balance at 1 February 2023	715	18,682	21,779	40,140	81,316
Profit for the year	-	-	8,197	-	8,197
Other comprehensive income/(expense):					
Remeasurements of defined benefit pension schemes	-	-	(116)	-	(116)
Deferred tax charge relating to pension scheme liabilities	-	-	(404)	-	(404)
Corporation tax credit relating to pension scheme contributions	-	-	399	-	399
Investment-related defined benefit pension costs	-	-	(218)	-	(218)

Cash flow hedge	-	-	(86)	-	(86)
Currency translation differences	-	-	-	(402)	(402)
Total comprehensive income/(expense)	-	-	7,772	(402)	7,370
Transactions with owners, recognised directly in equity:					
Dividends	-	-	(2,501)	-	(2,501)
Issuance of share capital for share-based payment vesting	2	-	(2)	-	-
Share-based payment equity charge	-	-	422	-	422
Related tax movements on share-based payment	-	-	(74)	-	(74)
Balance at 31 January 2024	**717**	**18,682**	**27,396**	**39,738**	**86,533**

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. Licensing business has grown to become 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 Chalfont House, Oxford Road, Denham, UB9 4DX.

Basis of preparation
The financial information contained within this final results announcement for the year ended 31 January 2024 and the year ended 31 January 2023 is derived from but does not comprise statutory financial statements within the meaning of section 435 of the Companies Act 2006. Statutory accounts for the year ended 31 January 2023 have been filed with the Registrar of Companies and those for the year ended 31 January 2024 will be filed following the Company's Annual General Meeting.

The auditors' report on the statutory accounts for the year ended 31 January 2024 and the year ended 31 January 2023 is unqualified, does not draw attention to any matters by way of emphasis, and does not contain any statement under section 498 of the Companies Act 2006. The statutory consolidated financial statements, from which the financial information in this announcement has been extracted 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 accounting policies applied are consistent with those set out in the Sanderson Design Group PLC Annual Report and Accounts for the year ended 31 January 2023.

Going concern
In the context of the continuing economic and political uncertainties, the Board of Sanderson Design Group PLC has undertaken an assessment of the ability of the Group and Company to continue in operation and meet its liabilities as they fall due over the period of its assessment. In doing so, the Board considered events throughout the period of their assessment from the date of signing of the report to 31 January 2026, 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 (2023: £12.5m) Revolving Credit Facility ('RCF') which is linked to two covenants and was renewed on 1 February 2024. 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 headroom of over £5m. Assuming the new facility applied on 31 January 2024, the total headroom of the Group at 31 January 2024 was £26.3m (2023: £27.9m), including cash and cash equivalents of £16.3m (2023: £15.4m) and the committed facility of £10.0m (2023: £12.5m). The Group has access to an uncommitted accordion facility of £7.5m (2023: £5.0m).

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 (with pending general elections in several core markets especially the UK and the USA). These scenarios indicate that the Group retains adequate headroom against its borrowing facilities and bank covenants for the foreseeable future.

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

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

2. 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 and specialist management. 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 11.18% (2023: 10.00%). The discount rate used is the same across all segments.

The Group has used formally approved budgets for the first two years (2023: two years) of its VIU calculation, with extrapolation beyond the last explicit year using an assumption of growth for future years at 2% (2023: 2%) depending upon the CGU being tested.

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

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

c) Absorption of overhead into inventory

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

3. 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. Licensing business formed part of the Brands business previously, but is now segmented with its own revenue and profit stream to highlight its significance to the Group's strategy.
· Manufacturing - comprising the wallcovering and printed fabric manufacturing businesses operated by Anstey and Standfast & Barracks respectively.

This is the basis on which the Group presents its operating results to the Board of Directors, which is the CODM for the purposes of IFRS 8. Other Group-wide activities and expenses, predominantly related to corporate head office costs, defined benefit pension costs, long-term incentive plan expenses, taxation, stock consolidation adjustments in Brands and eliminations of inter-segment items, and are presented within 'unallocated'.

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

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

Year ended 31 January 2023	Brands £000	Licensing £000	Manufacturing £000	Unallocated £000	Total £000
UK revenue	42,612	4,147	15,024	-	61,783
International revenue	40,800	2,302	7,093	-	50,195
Revenue - external	83,412	6,449	22,117	-	111,978
Revenue - internal	-	-	16,953	(16,953)	-
Total revenue	83,412	6,449	39,070	(16,953)	111,978
Profit/(loss) from operations (restated)	2,336	6,449	2,367	(505)	10,647
Net finance income (restated)	(81)	341	-	33	293
Profit/(loss) before tax	2,255	6,790	2,367	(472)	10,940
Tax expense	-	-	-	(2,115)	(2,115)
Profit/(loss) for the year	2,255	6,790	2,367	(2,587)	8,825

b) Additional segmental revenue information

Brands revenue by geography	**2024 £000**	2023 £000
United Kingdom	**37,902**	42,612
North America	**21,380**	19,762

Northern Europe	**9,857**	10,809
Rest of the World	**9,633**	10,229
	78,772	83,412

Brands revenue by brand	**2024 £000**	2023 £000
Clarke & Clarke	**22,420**	23,577
Morris & Co.	**19,073**	19,025
Harlequin	**13,989**	15,757
Sanderson	**13,590**	14,039
Zoffany	**8,174**	8,821
Scion	**1,288**	1,824
Other brands	**238**	369
	78,772	83,412

Manufacturing revenue by division (including internal revenue)	**2024 £000**	2023 £000
Standfast & Barracks	**19,103**	20,732
Anstey	**15,906**	18,338
	35,009	39,070

4. Other operating income

Other operating income of £4,932,000 (2023: £4,470,000) comprises consideration received from the sale of marketing materials to support the Group's core products.

5. Net finance income

	2024 £000	2023 £000
Interest income:		
Interest received on bank deposits	**216**	28
Unwind of discount on minimum guaranteed licensing income	**631**	341
Total interest received	**847**	369
Net pension interest income	**-**	76
Total finance income	**847**	445
Interest expense:		
Bank facility fee	**(34)**	(22)
Interest paid	**(17)**	-
Lease interest	**(106)**	(130)
Total interest paid	**(157)**	(152)
Net pension interest costs	**(71)**	-
Total finance costs	**(228)**	(152)
Net finance income	**619**	293

6. Tax expense

	2024 £000	2023 £000
Corporation tax:		
- UK current tax	**2,168**	1,433
- UK adjustments in respect of prior years	**(186)**	(278)
- Overseas, current tax	**27**	198
Corporation tax	**2,009**	1,353
Deferred tax:		
- Current year	**356**	697
- Adjustments in respect of prior years	**(208)**	65
Deferred tax	**148**	762
Total tax charge for the year	**2,157**	2,115

Reconciliation of total tax charge for the year:	**2024 £000**	2023 £000

Profit on ordinary activities before tax	**10,354**	10,940
Tax on profit on ordinary activities at 24.03%, pro-rated (2022: 19.00%)	**2,488**	2,079
Fixed asset differences	**1**	173
Non-deductible expenditure	**6**	129
Share-based payment	**(30)**	-
Adjustments in respect of prior years - corporation tax	**(186)**	(278)
Adjustments in respect of prior years - deferred tax	**(208)**	65
Movement in deferred tax not recognised	**41**	(246)
Effect of changes in corporation tax rates, including overseas	**45**	193
Total tax charge for the year	**2,157**	2,115

7. Earnings per share

7. (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.

	2024			2023		
	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 per share	**8,197**	**71,520**	**11.46**	8,825	71,074	12.42
Effect of dilutive securities:						
Shares under share-based payment		**788**			606	
Diluted earnings per share	**8,197**	**72,308**	**11.34**	8,825	71,680	12.31
Adjusted underlying basic and diluted earnings per share:						
Add back share-based payment charge (including National Insurance)	**480**			508		
Add back defined benefit pension charge	**431**			424		
Add back non-underlying items (see below)	**905**			772		
Tax effect of non-underlying items and other add backs	**(185)**			(453)		
Adjusted underlying basic earnings per share	**9,828**	**71,520**	**13.74**	10,076	71,074	14.18
Adjusted underlying diluted earnings per share	**9,828**	**72,308**	**13.59**	10,076	71,680	14.08

7. (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.

	2024 £000	2023 £000
Statutory profit before tax	**10,354**	10,940
Amortisation of acquired intangible assets	**281**	772
Restructuring and reorganisation costs*	**624**	-
Total non-underlying charge included in statutory profit before tax	**905**	772
Underlying profit before tax	**11,259**	11,712
Share-based payment charge	**480**	508
Defined benefit pension charge	**431**	424
Adjusted underlying profit before tax	**12,170**	12,644

* *Restructuring and reorganisation costs of £624,000 (2023: £nil). These relate to the reorganisation of Anstey and the rationalisation of certain Brands' operational and support functions during the financial year.*

END

FR PPUUACUPCGBW