SANDERSON
DESIGN GROUP

INTERIM RESULTS FOR
THE SIX MONTHS ENDED
31 JULY 2024

AGENDA

HIGHLIGHTS

FINANCIALS

STRATEGY

OUTLOOK

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 over 160 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.

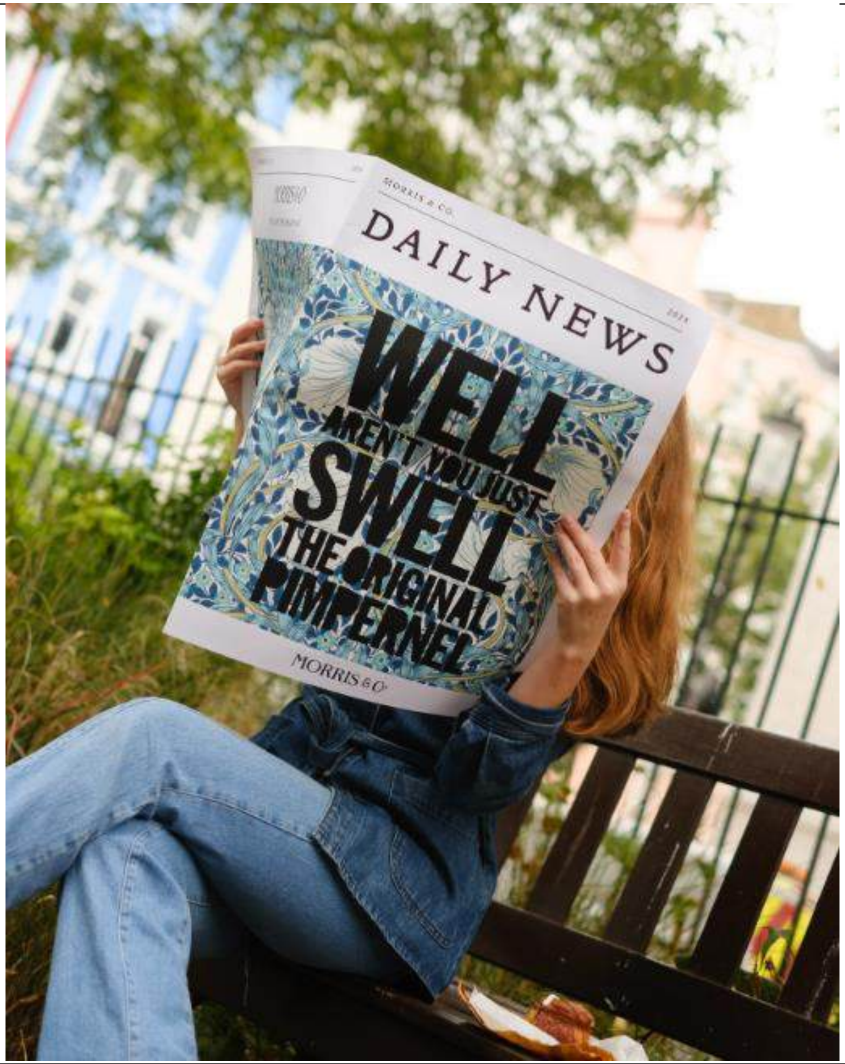
Journey to Sustainability

0/30	#1
ZeroBy30 We are committed to being net carbon ZeroBy30	**The employer of choice** We are committed to being a great and happy place to work

Service 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 that 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 strategic pillar for the business.

Locations
We employ 580 people globally across our brands and manufacturing businesses, who are based in the UK and provide products globally.



HIGHLIGHTS

- Revenue decreased to £50.5m (H1 FY24: £56.7m), down 11% in reported currency, reflecting tough market conditions, particularly in the UK
- Licensing revenue at £4.1m (H1 FY24: £6.9m); full-year expectations remain approximately in line with last year
- Notable launches including Sanderson's Giles Deacon collection and the Henry Holland x Harlequin collaboration
- New partnership with The Huntington to launch wallpapers and fabrics inspired by William Morris's unfinished works
- Third-party manufacturing revenue remained stable at £9.2m (H1 FY24: £9.5m)
- Adjusted PBT £2.2m (H1 FY24: £6.8m) impacted by the timing of Licensing revenue
- Net Cash £9.6m (H1 FY24: £15.9m)
- Interim dividend of 0.50p per share (0.75p in FY24)

FINANCIALS

KEY FINANCIAL INDICATORS

	REVENUE £M	PBT £M	ADJUSTED UNDERLYING PBT £M	ADJUSTED UNDERLYING PBT %	ADJUSTED EPS
H1 FY25	50.5	1.5	2.2	4.3%	2.21p
H1 FY24	56.7	6.2	6.8	12.0%	7.39p

KEY FINANCIAL INDICATORS (CONT'D)

	REPORTED EBITDA £M	CAPITAL EXPENDITURE £M	INVENTORY £M	FREE CASH FLOW £M	NET CASH POSITION £M
H1 FY25	3.8	2.6	27.2	(4.5)	9.6
H1 FY24	8.7	1.6	26.2	0.6	15.9

GROUP REVENUE BY SEGMENT

	H1 FY25 £M	H1 FY24 £M	% CHANGE H1 FY24
Brands	37.2	40.3	(8%)
Licensing	4.1	6.9	(40%)
Manufacturing – external	9.2	9.5	(2%)
Total Group	50.5	56.7	(11%)

- **Brands** Impacted by challenging conditions in the UK market
- **Licensing** Strong H1 FY24 driven by major deals with NEXT and Sainsbury's
- **Manufacturing – external** Lower demand for repeat orders due to a subdued UK consumer market

BRAND PRODUCT REVENUE BY GEOGRAPHY

	H1 FY25 £M	H1 FY24 £M	% CHANGE v H1 FY24 REPORTED	CER
UK	16.7	19.5	(14%)	(14%)
North America	11.1	10.7	4%	6%
Northern Europe	4.8	5.1	(6%)	(2%)
Rest of the World	4.6	5.0	(9%)	(9%)
Brand product Revenue	**37.2**	**40.3**	**(8%)**	**(7%)**

- **UK** Challenging market conditions
- **North America** Sanderson brand performing; SVP of sales appointed
- **Northern Europe** Scandinavia performed strongly
- **Rest of the World** Positive results in Spain offset by weaker performance in other countries

BRAND PRODUCT REVENUE BY BRAND

	H1 FY25 £M	H1 FY24 £M	% CHANGE v H1 FY24 REPORTED	CER
Clarke & Clarke	10.6	11.6	(9%)	(8%)
Morris & Co.	9.2	9.4	(2%)	(1%)
Sanderson	7.0	6.9	1%	3%
Harlequin	6.2	7.2	(13%)	(13%)
Zoffany	3.5	4.4	(21%)	(19%)
Scion	0.6	0.7	(14%)	(14%)
Other	0.1	0.1	-	(43%)
Brands	**37.2**	**40.3**	**(8%)**	**(7%)**

- **Clarke & Clarke** increased wallpaper offering and collaboration with US influencer Bregan Jane
- **Morris & Co.** licensing income remains strong; successful launches of Bedford Park and Morris & Friends collections
- **Sanderson** Giles Deacon collaboration and strong US +31% and Northern Europe +11%. Disney Home collaboration performing well
- **Zoffany** Reflects a LY major residential project in the US
- **Scion** Licensing revenue strong; recent expansion into the US market via Kravet Inc.

MANUFACTURING REVENUE

	H1 FY25 £M	H1 FY24 £M	% CHANGE H1 FY24
Standfast	9.2	8.9	4%
Anstey	8.0	8.2	(2%)
Total Manufacturing	**17.2**	**17.1**	**1%**
Revenue – external	9.2	9.5	(2%)
Revenue – internal	8.0	7.6	6%
Total Manufacturing	**17.2**	**17.1**	**1%**

	H1 FY25 %	H1 FY24 %	% CHANGE H1 FY24
Digital	51.2%	47.3%	8%
Conventional	48.8%	52.7%	(7%)

- **External revenue** down due to lower repeat orders in a subdued environment
- **Digital** output Increasing, enhancing efficiency and creating new business opportunities at both factories
- **Order intake** encouraging, particularly from US customers, supporting future growth

LICENSING ANALYSIS

	UNDERLYING PERFORMANCE - £M	PRIOR YEAR ACCELERATED INCOME - £M	CURRENT YEAR ACCELERATED INCOME - £M	IFRS - £M
Category Specialist (core)	1.6	(0.8)	2.2	3.0
Retail Groups (core)	1.6	(1.0)	0.3	0.9
Collaboration	-	-	0.2	0.2
H1 FY25	**3.2**	**(1.8)**	**2.7**	**4.1**
Category Specialist (core)	1.4	(0.5)	0.6	1.5
Retail Groups (core)	1.3	(0.3)	4.2	5.2
Collaboration	-	-	0.2	0.2
H1 FY24	**2.7**	**(0.8)**	**5.0**	**6.9**

- H1 income of £4.1m, with £2.7m from newly signed and repeat agreements, including major renewals with Blinds2go and Brink & Campman
- Secured licensing partnerships with Zara Home, Swyft Home, and Pottery Barn Kids for Morris & Co., and John Lewis for Sanderson homewares

LICENSING – UNDERLYING PERFORMANCE

	H1 FY25 £M	H1 FY24 £M	% CHANGE H1 FY24
UK	1.4	1.3	8%
North America	0.9	0.6	50%
Asia	0.7	0.7	-
Northern Europe	0.2	0.1	100%
Total	**3.2**	**2.7**	**19%**

	H1 FY25 £M	H1 FY24 £M	% CHANGE H1 FY24
Morris & Co.	2.1	1.8	17%
Scion	0.4	0.3	33%
Sanderson	0.3	0.3	-
Harlequin	0.2	0.2	-
Clarke & Clarke	0.1	-	-
Other	0.1	0.1	-
Total	**3.2**	**2.7**	**19%**

- Licensing revenue grew by £0.5m in H1 FY25, driven by Ruggable and 53% growth in constant currency from Sangetsu in Japan
- Increasing traction in North America, highlighting growth potential in international markets

GROSS PROFIT

	H1 FY25 £M	H1 FY24 £M	% CHANGE H1 FY24
Product Revenue	46.4	49.8	(7%)
Licensing	4.1	6.9	(40%)
Revenue Total	**50.5**	**56.7**	**(11%)**
Product Gross Profit	30.7	31.6	(3%)
Licensing Gross Profit	4.1	6.9	(40%)
Gross Profit Total	**34.8**	**38.5**	**(10%)**
Product Gross Margin %	66.1%	63.4%	270bps
Licensing Gross Margin %	100.0%	100.0%	n/a
Gross Margin Total %	**68.9%**	**67.9%**	**100bps**

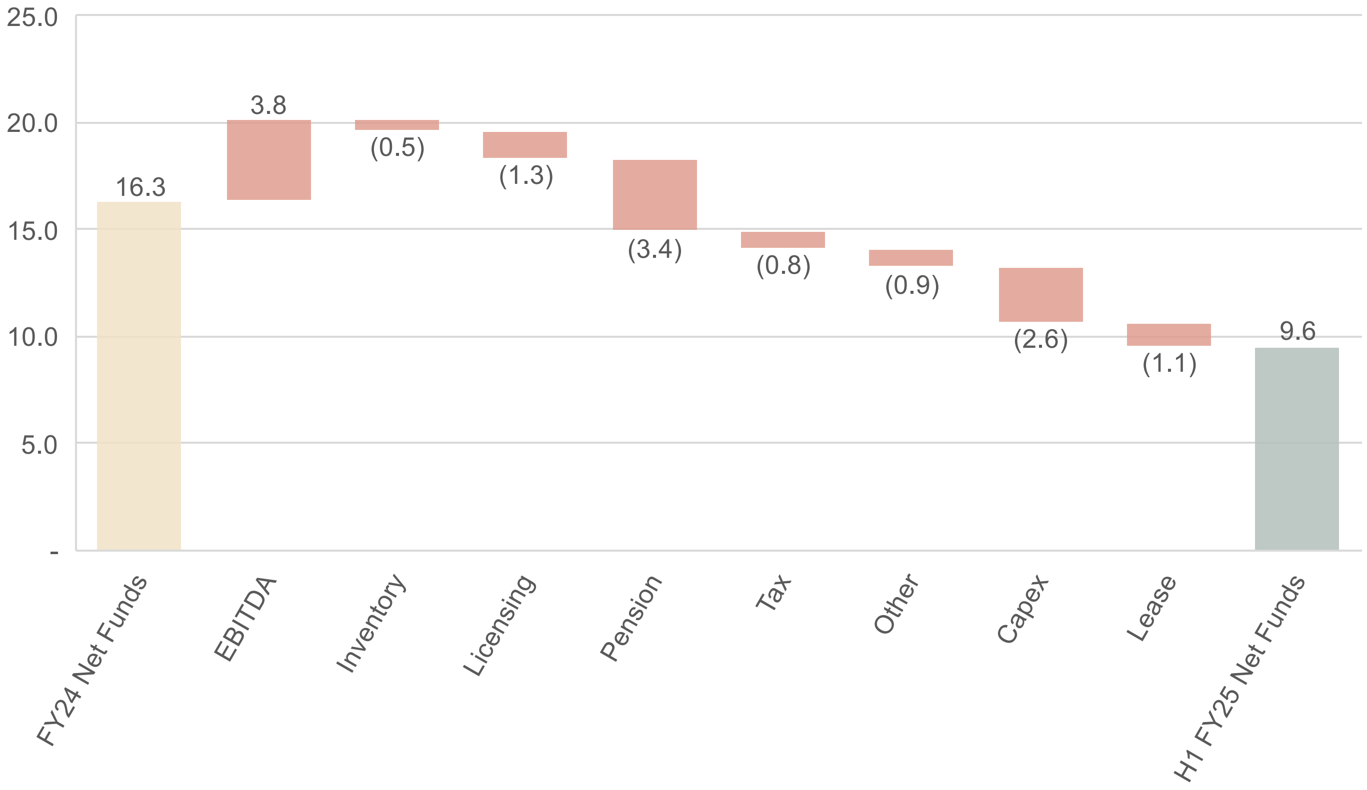
- **Licensing income** Generates 100% gross margin
- **Product gross margin**
  - Brand's margin improvement driven by reduced clearance activity, a stronger North American market mix, and lower sales of low-margin homeware products (now licensed)
  - Manufacturing stable gross margin despite increased utility costs, supported by improved performance at Anstey following restructuring

GROUP INCOME STATEMENT

	H1 FY25 £M	H1 FY24 £M	% CHANGE H1 FY24
Revenue	50.5	56.7	(11%)
Cost of Sales	(15.7)	(18.2)	14%
Gross Profit	**34.8**	**38.5**	**(10%)**
Distribution and selling expenses	(14.5)	(12.8)	(13%)
Administration expenses	(22.3)	(22.1)	(1%)
Other operating income	3.1	2.4	31%
Profit from operations	**1.1**	**6.0**	**(82%)**
Finance income/(costs) - net	0.4	0.2	100%
Profit before tax	**1.5**	**6.2**	**(76%)**
Add back: Non-underlying and adjusting items	0.7	0.6	12%
Adjusted underlying profit before tax	**2.2**	**6.8**	**(68%)**

- **Distribution and selling expenses** Increased due to higher patterning and sampling costs, partially offset by patterning revenues (other operating income)
- **Administration expenses**
  - Increases driven entirely by restructuring and reorganisation costs
  - Despite a 14% rise in average salaries over the last two years due to Real Living Wage increases, cost efficiency measures have helped mitigate the impact

GROUP CASH FLOW



- **Net cash** £9.6m
- **Inventory** Higher-than-optimal inventories due to lower Brand Product sales and reduced factory output
- **Licensing** Minimum guaranteed licensing receivables increased to £11.2m
- **Pension** One-off £2.3m contribution to Abaris Pension Scheme, allowing risks to be transferred to an insurer under a buy-in policy
- **Capital expenditure** Investment in key projects, including a new digital pigment printer at Standfast and Barracks, and the fitting out of the new head office at Voysey House

STRATEGY

STRATEGIC STATEMENT

- Built strong and efficient foundations that have enabled SDG to overcome economic challenges in recent years:
    - trajectory of increasing margins
    - steady investment
    - sharp eye on cost control and cash
    - Net cash, debt free

- UK core market is challenged:
    - accelerate key strategic transformation initiatives
    - future-proof and grow in the new environment

- Strategy is based on transformation:
    - build digital capability
    - manufacturing overhaul
    - pivot for new growth as market structures evolve

5-YEAR KEY STRATEGIC FRAMEWORK

OUR LIVE BEAUTIFUL FRAMEWORK

CUSTOMERS	BRANDS	PRODUCTS	GEOGRAPHIES
OMNICHANNEL APROACH	SANDERSON & MORRIS & CO.	LICENSING & COLLABORATION	ACCELERATE GROWTH IN THE USA

PEOPLE

PLANET

PROFIT

ACCELERATED TRANSFORMATION

SANDERSON DESIGN GROUP

OMNICHANNEL	The leadership team recalibrates the 5YP from a new base following a reduction in core UK sales, turning to International growth for market diversification and investing in omnichannel capability for customer engagement and to provide data to evidence and drive strategic decisions
GO TO MARKET	Each product launch and marketing plan will be sharper, moving from classic collection-building and high stocks, towards digital design books, tailor-made patterning and print-to-order principles that reduce inventory and serve all customers in the way they need
FUTURE FACTORY	Manufacturing overhauled for greater efficiency through focus on digital, shortened lead-times and improved customer service, bringing reduction in working capital and group margin benefit

DIGITAL TRANSFORMATION

ACCELERATED STRATEGIC INTIATIVES
DIGITAL TRANSFORMATION TO OMNICHANNEL

- Build Direct to Consumer platforms and drive more consumers to all channels (Morris & Co. live Sept. 24)
- Amplify brand visibility and expansion through new marketing initiatives
- Build powerful Brand Hubs and storytelling portals
- Future-proof the business in changing market landscape
- Grow digital capability (over time) and agile mindset
- Overhaul customer experience, winning new trade advocates
- Expand reach and profitability of Licensing products
- Unlock customer data and insights as future capital
- Create a platform to showcase / monetise rich design archive

OMNICHANNEL
ENHANCING DIGITAL EXPERIENCE FOR ALL

Win Merchants

- Drives in-store footfall & halo purchases
- New Digital POS
- Sell-through initiatives & rebate scheme
- Click & Collect - all brands & ranges
- “Made to Measure” access in-store & online
- Digital Landing Pages (Microsites) for merchants

Win Homeowners

- “Buy from Brand” reassurance
- Purchase Convenience
- Purchase Choice
- Delivery Options
- “Made to Measure” access
- Enhanced experience & service

Win Int. Designers

- Single Source Product Pricing
- Inspirational tools & content
- Enhanced AI project tools (
- “Made to Measure” access
- Designers Affiliate Scheme (revenue incentive)
- “Find a Designer” directory
- Enables Designer outreach such as “Voysey Social Club”

Win SDG / Investors

- New Channel
- Brand awareness & Market Share Increase
- Incremental High Margin Sales
- Blended Turnover & Margin Uplift
- Future-proofs brands
- Merchant & Designer confidence & advocacy
- Monetises assets including archive
- Adds tangible value

FUTURE FACTORY

FUTURE FACTORY VISION

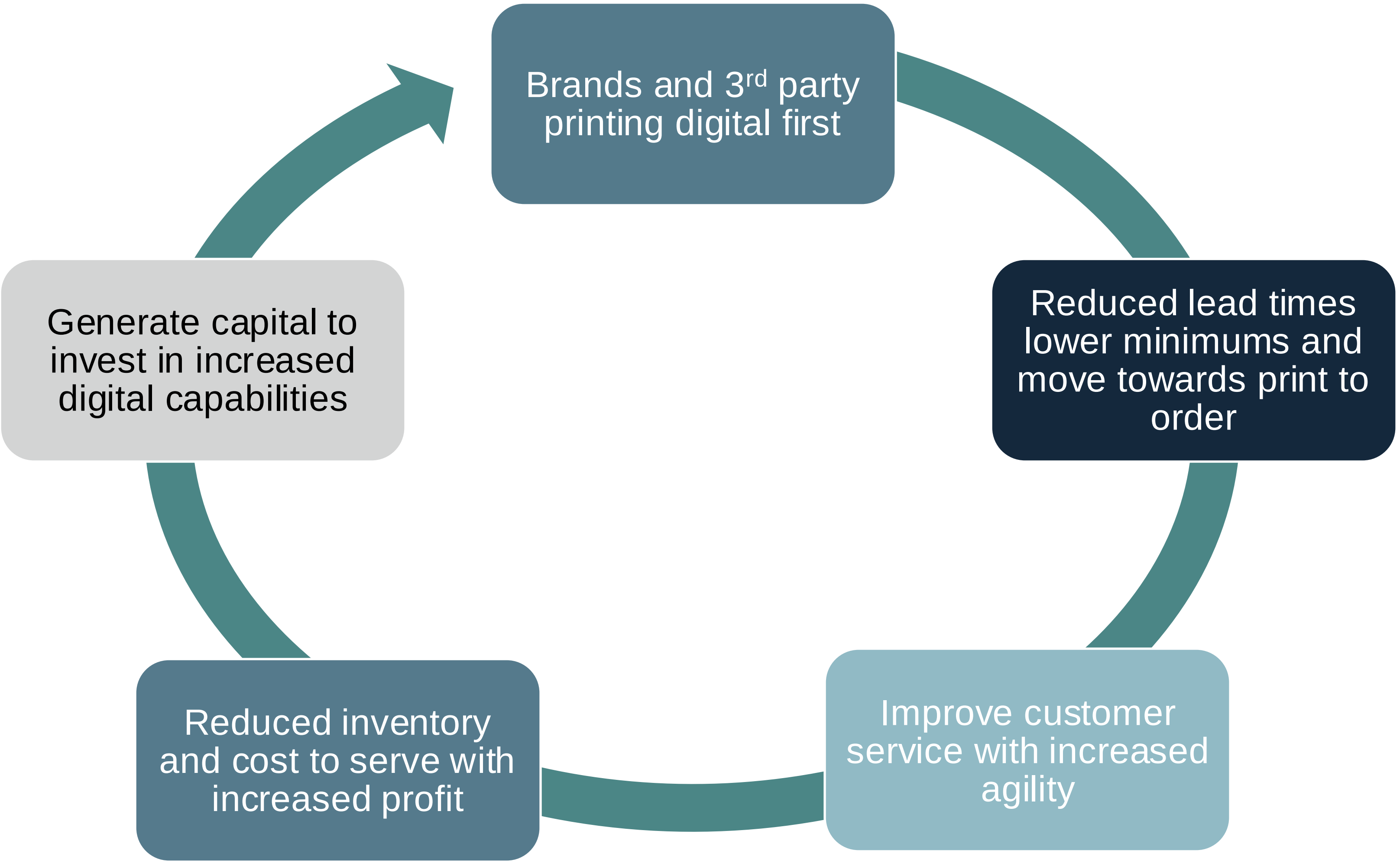
SANDERSON DESIGN GROUP

TO BE THE BEST DESIGN-LED PREMIUM FABRIC AND WALLCOVERING PRINTER IN THE WORLD

- CONTINUE design-led approach, continuous improvement in quality and service
- START focus on innovation in digital printing techniques
- STOP conventional processes except value-add only

All processes have been reviewed with conversion plans to be agile and aligned to future ambition.
Group production and future launches will be digital-first, using conventional processes only if critical.
Excess capacity continues to be offered to third party industry customers as important partners

DIGITAL FIRST OPPORTUNITY



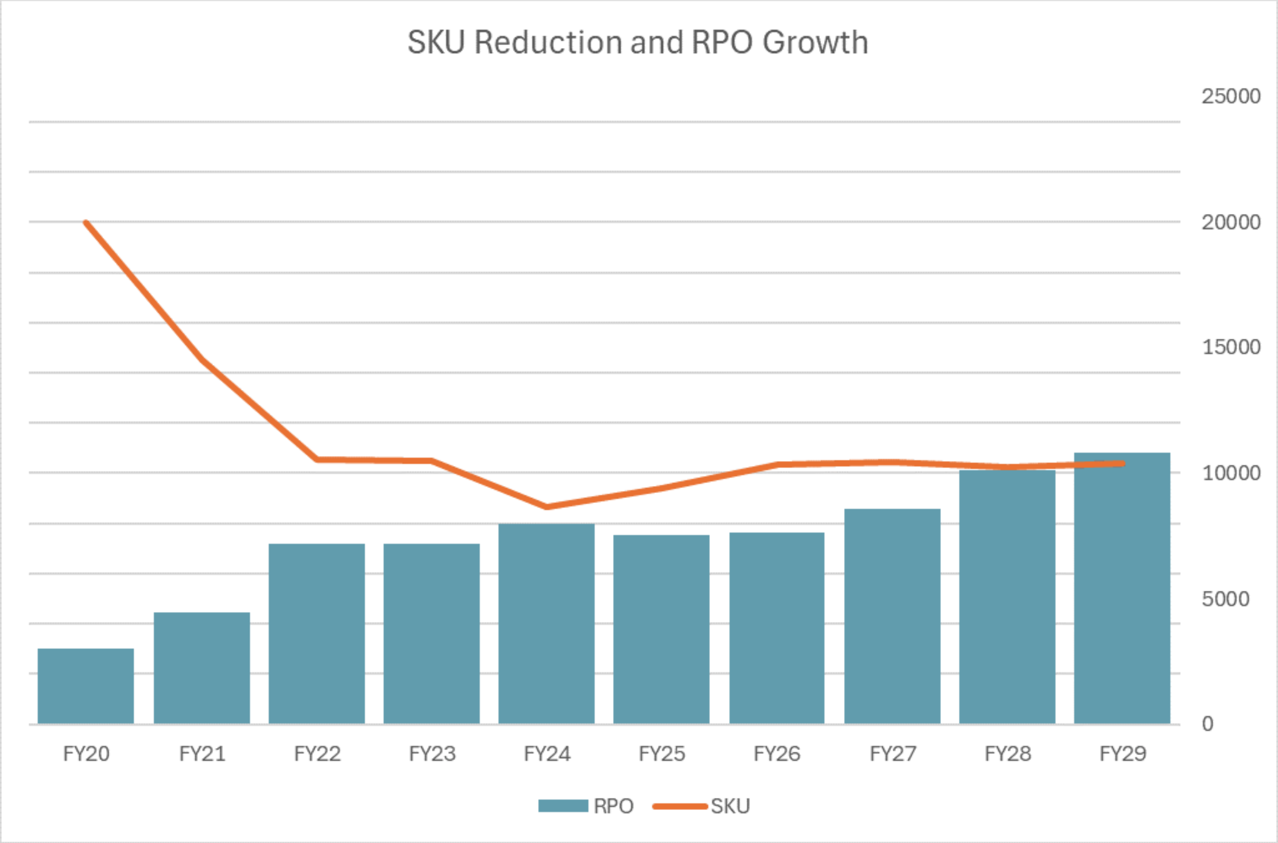
MANUFACTURING INITIATIVES

- Reduce cloth SKU count, allowing for innovation
- Outsource more prep (move to PFP)
- Focus on digital first, using value-add conventional only
- Move reactive digital to pigment digital
- Withdrawal from all vat inks
- Investigate alternative digital printing techniques
- Implement AVA software and skills
- Reduce manufacturing inventory

RESPONSIVE LAUNCHES

RESPONSIVE LAUNCH STRATEGY

- Utilising omnichannel data to fill assortment gaps e.g. outdoor, smaller scale designs
- SKU reduction completed FY20-24
- FY25-FY29 introduce new designs on a ‘one in, one out’ basis
- Individual launch strategy for each brand
- Launch designs, special edits, categories (stop default to collections)



Indicative not a forecast

COMMERCIAL

COMMERCIAL KEY OPPORTUNITIES

INTERNATIONAL GROWTH

- Targeting growth in key international markets with USA as top priority
- Expanding global reach with targeted appeal and deep partnerships with regional specialists

LEAD UK RECOVERY

- Support UK backbone of wholesale customers in an evolving market while changing service proposition to meet new needs, reviewing loyalty schemes, patterning to be relevant
- Develop new omnichannel relationships with new entrants from the digital generation
- Partner with key retail furniture groups, house builders, estate agents

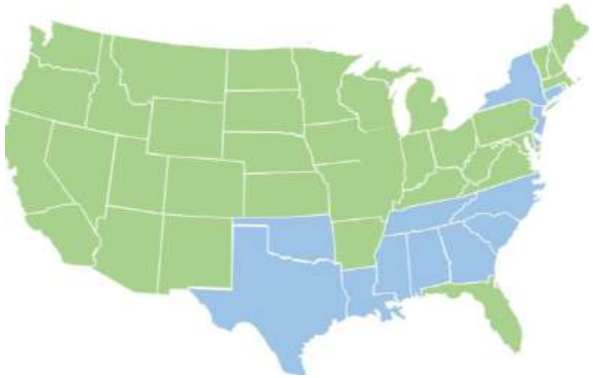
CONTRACT

- Grow the contract business in key markets UK, USA and Middle East
- Establish specialised distribution with a network of contract providers

ARCHIVE

- Digitised over past two years, now being catalogued
- Develop strategy to commercialise to unlock value FY27 onwards

USA TOP PRIORITY



Increase the US business by 80% over the next five years by establishing SDG as the go-to resource for interior designers. Elevating Sanderson as the leading brand in the group.

SALES

FY24: $26.5M (£21.4M)

H1 FY25: $13.8M (£11.1M)

WHO

- Interior Designers, E-Commerce Retailers, Trade Showrooms, Contract, Agent Showrooms, National Chains, License Partners

HOW

- US as a priority – make all decisions based on US needs, sense-checking other markets. Focus on Southeast, Texas, and Tri-State
- Build relationships with interior designers through Design, PR, Marketing and Sales teams
- Host events – from small scale or intimate to large scale 360 events
- Business of Home collaborative placements to increase exposure
- Add road reps in large territories, more people on the road commission-based variable cost
- Dedicated Clarke & Clarke landing page on kravet.com
- Product - Performance, outdoor fabrics, special textures, small prints, checks, plains, upholstery, expand substrates for wallcoverings
- Expand strategic licensing opportunities to enhance brand awareness

UK: MAINTAIN MARKET LEADERSHIP

To maintain market leadership in a challenging UK environment by strengthening our current relationships and seeking new partners.

SALES

FY24: £37.9M

H1 FY25: £16.7M

WHO

- Newly appointed team – changed approach from August 2024 to support independent retailers
- Bespoke – special projects service for Interior Design practices with Zoffany
- Proactive sales team – following leads and new enquiries
- Prime Account Managers – dedicated service for merchant groups and key accounts
- Contract – partnerships with specialist providers

HOW

- Customer-centric approach, understanding what each needs to grow and use more of our designs
- Clarke & Clarke keen pricing for trade proposition, stockists, contract & hospitality
- Shop-in-Shop program to give brands presence in wholesale stockists
- Creative digital assets freely distributed to all and advice on how to use
- Voysey House Design Club as West London creative hub and event space
- Omnichannel support for trade customers with Digital Trade Hub, creative assets

INTERNATIONAL SALES FOCUS

SANDERSON DESIGN GROUP

4 X KEY MARKETS OF GROWTH OPPORTUNITY

FRANCE

CORE PRODUCT GROWTH

Build editorial

Paris Deco-Off takeover

Intimate designer meals

GERMANY

CORE PRODUCT GROWTH

PR agency appointed

Designer roadshows

Core trade events

SPAIN

CORE PRODUCT GROWTH

Morris & Co. Sanderson and

Clarke & Clarke

Develop contract sector

Interior designer led events

SWEDEN

CORE AND LICENSING GROWTH

Edited capsule for territory

Swedish Influencer activity

Morris & Co. events

Translated webpages
Close market analysis
Customer database segmentation
Bespoke emails
Targeted digital advertising
Building key editorial relationships

LICENSING

DEVELOPING INTERNATIONAL PARTNERSHIPS
MAXIMISING BRAND HERITAGE AND BRAND EQUITY

LICENSING:KEY PILLARS

SANDERSON DESIGN GROUP

TERRITORY FOCUS

- Continue to build US, Japan and EU partnerships
- Grow network of introductory agents – USA Collab Society, Jewel
- Secure global deals

ENGAGING RETAILERS

- Target and secure partnerships with major retailers globally
- Exploit marketing PR opportunities aligned with brands, leveraging partner networks

SANDERSON BRAND FOCUS

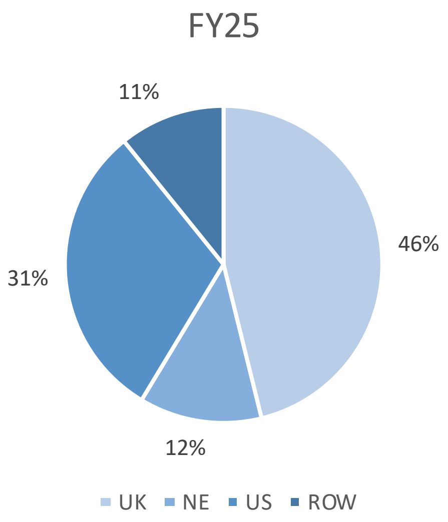
- Promote important collaborations, layering legacy, sustainability and beauty, to reach a new global customer
- Elevate Sanderson through communications support to secure new global partnerships
- Increase brand awareness and further reinforce brand values

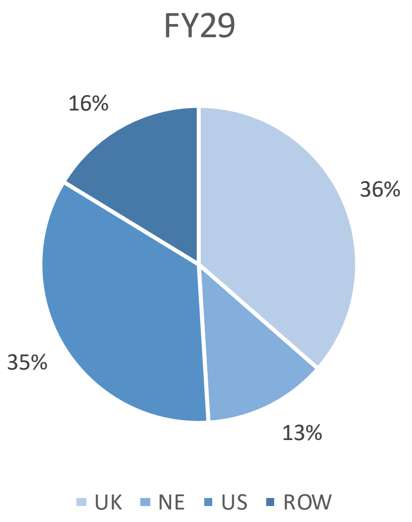
NURTURING PARTNERSHIPS

- Maintain 90% renewals, building on strong, long-term partnerships
- Identify growth opportunities with current partners
- Strategically develop new categories for each brand with specialists that mirror DNA and positioning

COMMERCIAL SUMMARY

- Focus on US growth as a priority
- UK supported by a new team and new mindset
- Omnichannel to service all customers with all brands and categories
- New relationships with third parties to leverage Contract and Licensing
- Improving global distribution for even regional spread 1/3 UK, 1/3 US, 1/3 ROW





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LIVE BEAUTIFUL

OUR PURPOSE AND VALUES

‘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

LIVE BEAUTIFUL

SANDERSON DESIGN GROUP

Increased engagement through communication to a broader audience focused on our three pillars

A diverse, engaged and enthused work force through Work Beautiful

An end-to-end approach of the product lifecycle, continually challenging ourselves to minimise the impact our supply chain has on the planet, working with suppliers on scope 3

Zero by 30 near conclusion, with plans for capture of the residual CO_2 emissions to be completed with biodiversity initiatives at all our sites

We are therefore recognised as a leader in sustainability, not just in our sector

"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

ZERO BY 30

PlanetMark
Certified Business

We are Planet Mark Certified

Year 6.

SANDERSON
DESIGN GROUP

This is to certify that Sanderson Design Group PLC has achieved the Planet Mark by reporting a reduction in its carbon footprint and engaging its stakeholders.

Valid to: 30 April 2025

Measure

-10.4%
Absolute carbon reduction.

-8.3%
Carbon reduction per employee.

Location-based

5,707.2 tCO_2e
Measured carbon footprint.

9.6 tCO_2e
Measured carbon footprint per employee.

Market-based

4,484.3 tCO_2e
Measured carbon footprint.

7.6 tCO_2e
Measured carbon footprint per employee.

We are committed to reducing our carbon emissions yearly so that together we can all halt climate change.

Reporting Boundary: UK Operations

Emission Sources: Electricity, T&D Losses, Natural Gas, Fleet, Business Travel

Reporting Period: 01 Feb 2023 to 31 Jan 2024

Engage

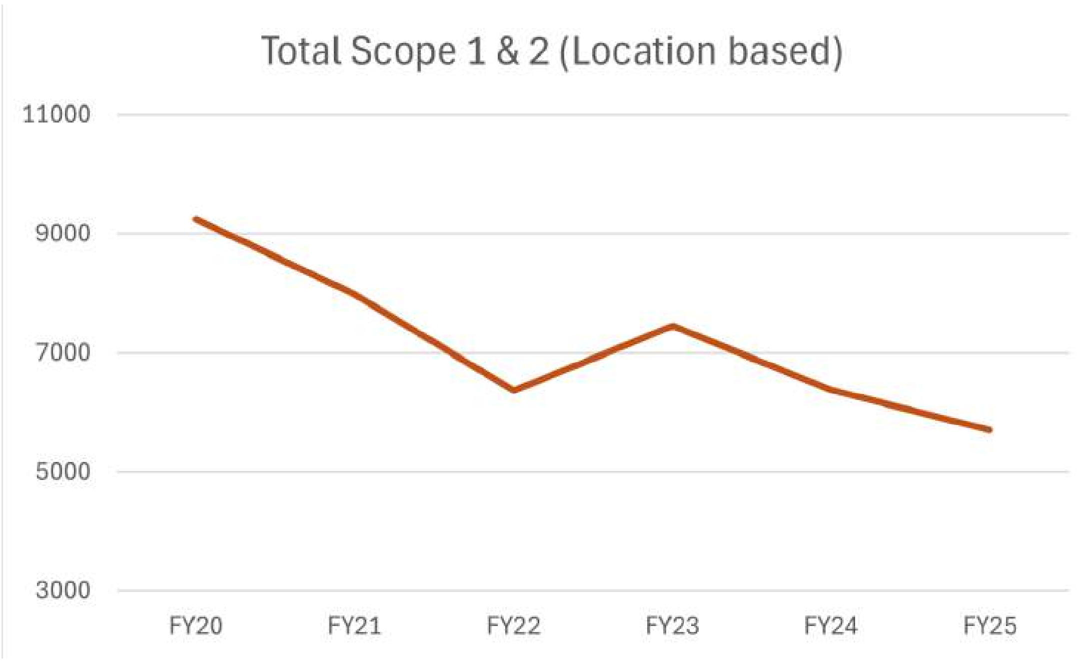
592
FTE employees.
We engage our employees and wider stakeholders to unlock their talent and knowledge to drive year on year progress in sustainability.

Communicate

8
Sustainable Development Goals.
We recognise that transparent communication is essential for transformational change and we quantifiably contribute to 8 SDGs.

Empowering change for a brighter future.
The Planet Mark is a sustainability certification for every type of organisation, for products and real estate. Our certification recognises continuous improvement, encourages action and builds an empowered community of like-minded individuals who make a world of difference.

planetmark.com/member/sanderson-design-group The Planet Mark theplanetmark



Currently on track with move to digital printing, new steamer, changes to working patterns plus other energy efficiency initiatives

Challenge FY29 and beyond with requirement for green hydrogen and continued focus on renewable electricity by the government

OUR STRATEGIC PEOPLE PRIORITIES- FY 25-29

Context

- Developed Work Beautiful strategy, focused on building people capability and infrastructure needed to deliver our strategy
- Key priorities of strategy identified and validated
- Invested in People team to ensure capability needed to achieve priorities.
- Investment in technology to further improve our People's experience

ONE SANDERSON DESIGN GROUP

FUTURE TALENT PLANNING & SUCCESSION

LEARNING & CAREER DEVELOPMENT

WORK BEAUTIFUL

TOTAL REWARD & RECOGNITION

INCLUSION & ENGAGEMENT

Building a successful business where talent prospers, creativity flourishes, and individuals come to grow.

OUTLOOK STATEMENT

SANDERSON DESIGN GROUP

•Focused on the strategic growth opportunity of North America, on careful cost control and on implementing strategic changes

•Licensing has continued to perform well with a number of new contracts signed in the current half

•Trading conditions more challenging than expected, in almost all territories, particularly in the UK and Northern Europe

•Total brand product sales for the first eight months of the current financial year are -10%, which compares with -9% for the first 22 weeks

•Delivery of the Board's expectations is reliant on a projected improvement in trading during the remainder of the financial year

SINCE BEFORE YOU WERE BORN

THE ORIGINAL BLACKTHORN