

30 April 2025



SANDERSON DESIGN GROUP PLC

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

Financial Results for the year ended 31 January 2025

Sanderson Design Group PLC (AIM: SDG), the luxury interior furnishings group, announces its audited financial results for the year ended 31 January 2025.

Financial highlights

Year ended 31 January	2025	2024	Change
Revenue	£100.4m	£108.6m	-7.6%
Adjusted underlying profit before tax*	£4.4m	£12.2m	-63.9%
Adjusted underlying EPS*	3.92p	13.74p	-71.5%
Statutory (loss)/profit before tax	£(13.9)m	£10.4m	-233.7%
Basic EPS	(21.22)p	11.46p	-285.2%
Dividends per share	1.5p	3.5p	-57.1%
Cash**	£5.8m	£16.3m	-64.4%

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

Operational highlights

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

Sustainability highlights

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

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

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

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

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

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

Analyst meeting and webcast

A meeting for analysts and institutional investors will be held at 9.30am today, 30 April 2025, at the offices of Burson Buchanan, 107 Cheapside, London EC2V 6DN. For details, please contact Burson Buchanan at SDG@buchanan.uk.com.

A live webcast of the meeting will be available via the following link:

<https://webcasting.buchanan.uk.com/broadcast/67ea8a6ca8f35502bea6504e>

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

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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 550 people and its products are sold worldwide. It has showrooms in London, New York and Chicago.

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

For further information please visit: www.sandersondesigngroup.com

CHAIRMAN'S STATEMENT

Introduction

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

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

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

The ability to license our designs highlights the unique intellectual property in the Group's brands and design archive, and also our designers' skill at transferring designs from fabric and wallpaper to many different substrates and product types.

The value of the design archive at our Voysey House head office was recently independently valued at £10.0m, marking the first time that the archive has been valued since the acquisition of Sanderson and Morris & Co. in 2003.

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

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

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

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

Financial results

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

This year's reported results include a one-off, non-cash impairment of goodwill associated with the acquisition of the Clarke & Clarke brand in 2016. The valuation of brands across the interior furnishings industry has declined since 2016 and this non-cash impairment of £16.3m for Clarke & Clarke aligns the

brand to the current industry environment. The Board remains confident in the future performance of the brand, in its licensing potential and its overall importance to the Group's brand portfolio.

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

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

Dividend

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

People

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

Outlook

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

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

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

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

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

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

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

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

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

Dianne Thompson

Non-executive Chairman

29 April 2025

CHIEF EXECUTIVE OFFICER'S STRATEGY AND OPERATING REVIEW

Introduction

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

Digitalisation

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

To advance our strategy of digital as a route to market, we launched the Morris & Co. online shop (www.wmorrisandco.com) in September 2024 in the UK. This direct-to-consumer site brings together Morris & Co. wallpapers, fabrics, paints and licensed products and is performing in line with expectations.

The site was subsequently launched in the USA in March 2025, where it has started very strongly and ahead of expectations. The site's customer base represents completely new, digital native customers for the Group.

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

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

North America

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

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

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

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

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

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

Future Factory

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

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

STRATEGY AND PROGRESS

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

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

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

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

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

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

Operational review

The table below shows the Group's sales performance in the year ended 31 January 2025, compared

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

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

BRANDS

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

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

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

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

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

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

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

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

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

The Zoffany brand's most recent launch, the Rare Textiles Collection, has been well received but a

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

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

Scion is predominantly a licensing brand, and its licensing revenue makes a strong contribution to the Group. Scion is also a direct-to-consumer brand from the scionliving.com website, which brings all Scion products onto one platform.

In September 2024, Kravet Inc. became the North American distributor of the Scion brand, adding it to Kravet's boutique brands concept to be built out across the showroom network in 2025. The initial response is encouraging.

MANUFACTURING

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

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

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

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

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

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

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

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

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

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

LICENSING

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

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

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

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

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

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

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

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

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

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

SUMMARY

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

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

Lisa Montague

Chief Executive Officer
29 April 2025

CHIEF FINANCIAL OFFICER'S REVIEW

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

Revenue

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

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

Gross profit

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

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

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

Conversely, our Manufacturing division has been impacted by reduced volumes of both internal and external orders. Given the high fixed cost base of both of our factories, manufacturing gross margins fell

by nearly 300 basis points despite a number of cost-saving measures that were implemented during the year.

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

(Loss)/Profit before tax

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

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

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

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

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

Adjusted underlying profit before tax

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

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

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

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

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

- An impairment charge of £16.3m relating to the goodwill recognised on the acquisition of Clarke & Clarke in October 2016
- The amortisation of other intangible assets in respect of the acquisition of Clarke & Clarke
- Restructuring and reorganisation costs of £1.0m (FY2024: £0.6m) arising out of changes to our UK Sales and Sales Support functions and both factories
- Share-based payment charges of £0.3m (FY2024: £0.5m) are excluded as they are a non-cash measure
- Administration costs of £0.5m (FY2024: £0.4m) related to the Group's two legacy defined benefit pension plans

Taxation

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

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

scheme contributions that is recorded in the Consolidated Statement of Changes in Equity.

Capital expenditure

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

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

Minimum guaranteed licensing receivables

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

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

Inventories

Both gross and net inventories increased slightly during the year.

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

Trade receivables

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

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

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

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

Cash position and banking facilities

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

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

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

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

Net defined benefit pension

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

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

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

shortfalls to the Abaris Scheme, which might arise from changes in market conditions.

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

Dividend

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

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

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

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

Capital allocation policy

We remain committed to retaining a strong balance sheet.

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

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

Going concern

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

Mike Woodcock
Chief Financial Officer
29 April 2025

Consolidated Income Statement

Year ended 31 January 2025

	Note	2025 £000	2024 £000
Revenue	3	100,388	108,636
Cost of sales		(31,946)	(34,954)
Gross profit		68,442	73,682
Net operating (expenses)/income:			
Distribution and selling expenses		(25,695)	(25,320)
Administration expenses		(44,858)	(43,559)
Impairment of intangible assets		(16,250)	-
Other operating income	4	4,010	4,932
(Loss)/profit from operations		(14,351)	9,735
Finance income		1,057	847
Finance costs		(586)	(228)
Net finance income	5	471	619
(Loss)/profit before tax		(13,880)	10,354
Tax expense	6	(1,356)	(2,157)
(Loss)/profit for the year attributable to owners of the parent		(15,236)	8,197
(Loss)/earnings per share - Basic	7	(21.22)p	11.46p
(Loss)/earnings per share - Diluted	7	(21.22)p	11.34p
Adjusted earnings per share - Basic*	7	3.92p	13.74p
Adjusted earnings per share - Diluted*	7	3.83p	13.59p

*These are alternative performance measures.

All of the activities of the Group are continuing operations.

Consolidated Statement
of Comprehensive Income
Year ended 31 January 2025

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

Consolidated Balance Sheet
As at 31 January 2025

	Note	31 January 2025 £000	31 January 2024 £000
Non-current assets			
Intangible assets	8	10,901	26,695
Property, plant and equipment	9	12,938	12,444
Right-of-use assets	10	10,588	4,986
Retirement benefit surplus		2,310	-
Minimum guaranteed licensing receivables		11,299	7,304
		48,036	51,429
Current assets			
Inventories	11	27,201	26,706
Trade and other receivables	12	12,900	13,996
Minimum guaranteed licensing receivables		2,999	2,144
Financial derivative instruments		-	26
Corporation tax receivable		251	-
Cash and cash equivalents		5,814	16,342
		49,165	59,214
Total assets		97,201	110,643
Current liabilities			
Trade and other payables	13	(12,837)	(14,077)
Corporation tax payable		-	(806)
Lease liabilities	10	(1,988)	(1,450)
Financial derivative instruments		(19)	-
Provision for liabilities and charges	14	(733)	(1,437)
		(15,577)	(17,770)
Net current assets		33,588	41,444
Non-current liabilities			
Lease liabilities	10	(9,244)	(3,696)
Deferred income tax liabilities		(2,679)	(1,747)
Retirement benefit obligations		-	(897)
Provision for liabilities and charges	14	(969)	-
		(12,892)	(6,340)
Total liabilities		(28,469)	(24,110)
Net assets		68,732	86,533
Equity			
Share capital		720	717
Share premium account		18,682	18,682
Retained earnings		9,534	27,396
Other reserves		39,796	39,738
Total equity		68,732	86,533

Consolidated Cash Flow Statement
Year ended 31 January 2025

	Note	2025 £000	2024 £000
Cash flows from operating activities			
(Loss)/profit from operations		(14,351)	9,735
Intangible asset amortisation	8	806	817
Impairment of intangible assets	8	16,250	-
Property, plant and equipment depreciation and impairment	9	2,341	2,333
Right-of-use asset depreciation	10	2,392	2,381
Share-based payment charge		245	480
Defined benefit pension charge		554	360
Employer contributions to pension schemes		(4,369)	(2,314)
(Increase)/decrease in inventories		(495)	1,068
Decrease in trade and other receivables		1,091	2,000
Increase in minimum guaranteed licensing receivables		(3,991)	(4,747)
Decrease in trade and other payables		(1,206)	(2,611)
Increase in provision for liabilities and charges		15	400
Tax paid		(1,340)	(810)
Net cash (to)/from operating activities		(2,058)	9,092
Cash flows from investing activities			
Finance income received	5	134	216
Purchase of intangible assets	8	(1,262)	(1,064)
Purchase of property, plant and equipment	9	(2,824)	(2,195)
Net cash used in investing activities		(3,952)	(3,043)
Cash flows from financing activities			
Repayment of lease liabilities	10	(1,854)	(2,434)
Capitalisation of lease acquisition costs		(355)	-
Interest paid	5	(30)	(17)
Dividends paid		(2,333)	(2,501)
Net cash used in financing activities		(4,572)	(4,952)
Net (decrease)/increase in cash and cash equivalents		(10,582)	1,097
Net foreign exchange movement		54	(156)
Cash and cash equivalents at beginning of year		16,342	15,401
Cash and cash equivalents at end of year		5,814	16,342

Consolidated Statement Of Changes in Equity
Year ended 31 January 2025

	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 assets	-	-	(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

Consolidated Statement Of Changes in Equity
Year ended 31 January 2025

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

Notes to the Consolidated Financial Statements

1. Accounting policies and general information

General information

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

Basis of preparation

The financial information contained within this announcement for the year ended 31 January 2025 and the year ended 31 January 2024 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 2024 have been filed with the Registrar of Companies and those for the year ended 31 January 2025 will be filed following the Company's Annual General Meeting.

The auditors' report on the statutory accounts for the year ended 31 January 2025 and the year ended 31 January 2024 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 2024.

Going concern

In the context of the continuing economic and political uncertainties, the Board of Sanderson Design Group PLC has undertaken an assessment of the ability of the Group and Company to continue in operation and meet its liabilities as they fall due over the period of its assessment. In doing so, the Board considered events throughout the period of their assessment from the date of signing of the report to 31 January 2027, including the availability and maturity profile of the Group's financing facilities and covenant compliance.

credibility and integrity, provide the Group's financial results and covenant compliance. These financial statements have been prepared on the going concern basis which the Directors consider appropriate for the reasons set out below.

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

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

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

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

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 management and specialist third-parties, where required. Estimates and assumptions are periodically re-evaluated and the resulting accounting balances updated as new information, including actual outcomes, become apparent.

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

a) Retirement benefit obligations

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

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

b) Impairment of non-financial assets

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

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

The Group has used formally approved budgets for the first year of its VIU calculation, with extrapolation beyond the last explicit year using an assumption of growth for future years at 2-4% (2024: 2%) depending upon the CGU being tested, with 2% (2024: 2%) terminal growth (see note 8 for sensitivity analysis).

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

deriving from capital expenditure completed at the Balance Sheet date.

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

c) Absorption of overhead into inventory

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

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. Operating costs are not separately allocated to this segment, although management will continue to review this as the segment grows.
- **Manufacturing** - comprising the wallcovering and printed fabric manufacturing businesses operated by Anstey and Standfast & Barracks respectively.

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

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

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 before intercompany management charge	3,729	10,920	(1,002)	(3,912)	9,735
Profit/(loss) from operations	642	10,920	(1,002)	(825)	9,735
Net finance income	(98)	631	(10)	96	619
Profit/(loss) before tax	544	11,551	(1,012)	(729)	10,354
Tax expense	-	-	-	(2,157)	(2,157)
Profit/(loss) for the year	544	11,551	(1,012)	(2,886)	8,197

b) Additional segmental revenue information

Brands revenue by geography	2025 £000	2024 £000
United Kingdom	32,756	37,902
North America	20,957	21,380

North America	20,557	21,500
Northern Europe	9,146	9,857
Rest of the World	8,451	9,633
	71,310	78,772

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

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

4. Other operating income

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

5. Net finance income

	2025 £000	2024 £000
Interest income:		
Interest received on bank deposits	134	216
Unwind of discount on minimum guaranteed licensing income	859	631
Total interest received	993	847
Net pension interest income	64	-
Total finance income	1,057	847
Interest expense:		
Bank facility fees	(18)	(34)
Interest paid	(30)	(17)
Lease interest	(538)	(106)
Total interest paid	(586)	(157)
Net pension interest costs	-	(71)
Total finance costs	(586)	(228)
Net finance income	471	619

6. Tax expense

	2025 £000	2024 £000
Current tax:		
- UK current tax	970	2,168
- UK adjustments in respect of prior years	280	(186)
- Overseas, current tax	1	27
Current tax	1,251	2,009
Deferred tax:		
- Current year	429	356
- Adjustments in respect of prior years	(324)	(208)
Deferred tax	105	148
Total tax charge for the year	1,356	2,157
Reconciliation of total tax charge for the year:	2025 £000	2024 £000
(Loss)/profit on ordinary activities before tax	(13,880)	10,354
Tax on (loss)/profit on ordinary activities at 25% (2024: 24.03%, pro-rated)	(3,470)	2,488
Intangible assets impairment	4,063	-
Fixed asset differences	48	1
Non-deductible expenditure	22	6
Share-based payment	117	(30)
Adjustments in respect of prior years - current tax	280	(186)
Adjustments in respect of prior years - deferred tax	(324)	(208)
Deferred tax not recognised on losses	604	41
Effect of changes in corporation tax rates, including overseas	16	45
Total tax charge for the year	1,356	2,157

A current tax credit of £970,000 has been recognised in Other Comprehensive Income (2024: £399,000) in relation to defined benefit pension contributions made during the year.

7. Earnings per share

(a) Earnings per share

Basic earnings per share ('EPS') is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of shares outstanding during the year, excluding those held in the Employee Benefit Trust ('EBT') and those held in treasury, which are treated as cancelled. The adjusted basic earnings per share is calculated by dividing the adjusted earnings by the weighted average number of shares.

	2025			2024		
	Earnings £000	Weighted average number of shares (000s)	Per share amount Pence	Earnings £000	Weighted average number of shares (000s)	Per share amount Pence
Basic (loss)/earnings per share	(15,236)	71,804	(21.22)	8,197	71,520	11.46
Effect of dilutive securities:						
Shares under share-based payment		1,675			788	
Diluted (loss)/earnings per share*	(15,236)	73,479	(21.22)	8,197	72,308	11.34
Adjusted underlying basic and diluted earnings per share:						
Add back share-based payment charge (including National Insurance)	245			480		
Add back defined benefit pension charge	490			431		
Add back non-underlying items (see below)	17,515			905		
Tax effect of non-underlying items and other add backs	(200)			(185)		
Adjusted underlying basic earnings per share	2,814	71,804	3.92	9,828	71,520	13.74
Adjusted underlying diluted earnings per share	2,814	73,479	3.83	9,828	72,308	13.59

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

(b) Adjusted underlying profit before tax

The Group uses an Alternative Performance Measure, 'adjusted underlying profit before tax'. This is defined as statutory profit before tax adjusted for the exclusion of share-based incentives, defined benefit pension charge and non-underlying items. This is recognised by the investment community as an appropriate measure of performance for the Group and is used by the Board of Directors as a key performance measure. The table below reconciles statutory profit before tax to adjusted underlying profit before tax.

	2025 £000	2024 £000
Statutory (loss)/profit before tax	(13,880)	10,354
Amortisation of acquired intangible assets	276	281
Impairment of intangible assets	16,250	-
Restructuring and reorganisation costs*	989	624
Total non-underlying charge included in statutory profit before tax	17,515	905
Underlying profit before tax	3,635	11,259
Share-based payment charge	245	480
Defined benefit pension charge	490	431
Adjusted underlying profit before tax	4,370	12,170

* Restructuring and reorganisation costs of £989,000 (2024: £624,000). These relate to the reorganisation of the Anstey and Standfast manufacturing sites (£688,000) (2024: £624,000), in addition to the rationalisation of certain operational and support functions in the Brands segment (£301,000).

8. Intangible assets

	Goodwill £0001	Arthur Sanderson and William Morris Archive £0002	Collection design £000	Brand £000	Customer- related intangibles £000	Software £000	Assets under construction £000	Total £000
Cost								
31 January 2023	17,091	4,300	2,292	5,566	4,427	2,794	482	36,952
Additions	-	-	499	-	-	64	501	1,064

Disposals	-	-	-	-	-	(262)	-	(262)
31 January 2024	17,091	4,300	2,791	5,566	4,427	2,596	983	37,754
Additions	-	-	590	-	-	301	371	1,262
Transfer	-	-	-	-	-	1,354	(1,354)	-
Disposals	-	-	(145)	-	-	-	-	(145)
31 January 2025	17,091	4,300	3,236	5,566	4,427	4,251	-	38,871
Accumulated amortisation								
31 January 2023	841	-	823	1,767	4,427	2,646	-	10,504
Charge	-	-	432	281	-	104	-	817
Disposals	-	-	-	-	-	(262)	-	(262)
31 January 2024	841	-	1,255	2,048	4,427	2,488	-	11,059
Charge	-	-	433	276	-	97	-	806
Impairment	16,250	-	-	-	-	-	-	16,250
Disposals	-	-	(145)	-	-	-	-	(145)
31 January 2025	17,091	-	1,543	2,324	4,427	2,585	-	27,970
Net book amount								
31 January 2025	-	4,300	1,693	3,242	-	1,666	-	10,901
31 January 2024	16,250	4,300	1,536	3,518	-	108	983	26,695
31 January 2023	16,250	4,300	1,469	3,799	-	148	482	26,448

Impairment tests for goodwill and Arthur Sanderson and William Morris Archive

The total carrying value of goodwill at year end of £nil (2024: £16,250,000) is attributable to the Brands segment.

The carrying value of the Arthur Sanderson and William Morris Archive at the year end of £4,300,000 (2024: £4,300,000) is attributable to the Brands segment. The archive was independently valued during the year ended 31 January 2025 at £9,980,000 and therefore the carrying value of this asset is supported by the external valuation.

The Group has impaired the goodwill allocated to the Clarke & Clarke acquisition following a review of the future cash flows for the CGU. The impairment has been identified by assessing the future cash flows allocated to the CGU, with a 12% post-tax discount rate and long-term growth rate of 2% applied. The below sensitivities have been performed. As the goodwill is now fully impaired, any further impairment would be allocated to the remaining assets of the CGU on a pro rata basis.

Post-tax discount rate	Impairment £000	Variance to base model £000	Long- term growth rate	Impairment £000	Variance to base model £000
11.00%	(15,100)	1,150	0.00%	(17,100)	(850)
12.00%	(16,250)	-	1.00%	(16,600)	(350)
13.00%	(16,900)	(650)	2.00%	(16,250)	-
14.00%	(17,600)	(2,350)	3.00%	(15,400)	850

The post-tax discount rate and long-term growth rates applied to the CGU have been reviewed and approved by the Board.

9. Property, plant and equipment

	Freehold land and buildings £000	Leasehold improvements £000	Plant, equipment and vehicles £000	Computer hardware £000	Assets under construction £000	Total £000
Cost						
31 January 2023	6,510	697	31,271	2,280	850	41,608
Additions	-	-	1,743	60	392	2,195
Disposals	(238)	28	(332)	(1,095)	-	(1,637)
Reclassifications	(157)	(210)	647	(90)	(190)	-
Currency movements	-	-	(59)	(33)	(33)	(125)
31 January 2024	6,115	515	33,270	1,122	1,019	42,041
Additions	44	1,087	1,230	241	222	2,824
Disposals	(167)	(400)	(3,422)	(7)	-	(3,996)
Transfers	619	606	16	-	(1,241)	-
Currency movements	(6)	-	37	1	-	32
31 January 2025	6,605	1,808	31,131	1,357	-	40,901
Accumulated depreciation and impairment						
31 January 2023	2,465	427	24,071	2,026	-	28,989

Charge	119	21	1,981	96	-	2,217
Impairment	-	116	-	-	-	116
Disposals	(238)	28	(332)	(1,095)	-	(1,637)
Reclassifications	77	(77)	-	-	-	-
Currency movements	-	-	(54)	(34)	-	(88)
31 January 2024	2,423	515	25,666	993	-	29,597
Charge	205	106	1,942	88	-	2,341
Disposals	(167)	(400)	(3,422)	(7)	-	(3,996)
Currency movements	(3)	-	23	1	-	21
31 January 2025	2,458	221	24,209	1,075	-	27,963
Net book amount						
31 January 2025	4,147	1,587	6,922	282	-	12,938
31 January 2024	3,692	-	7,604	129	1,019	12,444
31 January 2023	4,045	270	7,200	254	850	12,619

10. Right-of-use assets and lease liabilities

As a lessee

Information about leases for which the Group is a lessee is presented below:

Right-of-use assets

	Leasehold properties £000	Vehicles £000	Plant and equipment £000	Total £000
Cost				
31 January 2023	12,331	915	1,079	14,325
Additions	2,686	203	17	2,906
Disposals	-	(208)	(158)	(366)
Currency movements	(248)	-	(5)	(253)
31 January 2024	14,769	910	933	16,612
Additions	8,005	159	-	8,164
Disposals	(9,625)	(350)	(94)	(10,069)
Currency movements	88	-	1	89
31 January 2025	13,237	719	840	14,796
Accumulated depreciation and impairment				
31 January 2023	8,507	489	752	9,748
Charge	1,903	311	167	2,381
Disposals	-	(208)	(158)	(366)
Currency movements	(133)	-	(4)	(137)
31 January 2024	10,277	592	757	11,626
Charge	2,032	222	138	2,392
Disposals	(9,446)	(340)	(78)	(9,864)
Currency movements	53	-	1	54
31 January 2025	2,916	474	818	4,208
Net book amount				
31 January 2025	10,321	245	22	10,588
31 January 2024	4,492	318	176	4,986
31 January 2023	3,824	426	327	4,577

Lease liabilities

	Leasehold properties £000	Vehicles £000	Plant and equipment £000	Total £000
Balance				
31 January 2023	4,377	402	343	5,122
Additions	2,298	203	17	2,518
Amounts paid	(1,921)	(342)	(171)	(2,434)
Effect of discounting	84	15	7	106
Currency movements	(166)	-	-	(166)
31 January 2024	4,672	278	196	5,146
Additions	7,383	159	-	7,542
Disposals	(176)	-	(15)	(191)
Amounts paid	(1,457)	(238)	(159)	(1,854)
Effect of discounting	519	10	9	538
Currency movements	50	-	1	51
31 January 2025	10,991	209	32	11,232

Maturity analysis - contractual lease liabilities

	2025 £000	2024 £000
Current	1,988	1,450
Non-current	9,244	3,696
Total lease liabilities	11,232	5,146

11. Inventories

	2025 £000	2024 £000
Raw materials	4,588	4,314
Work in progress	1,298	1,984
Finished goods	20,316	19,371
Marketing materials	999	1,037
	27,201	26,706

12. Trade and other receivables

	2025 £000	2024 £000
Current		
Trade receivables	11,590	11,413
Less: provision for impairment of trade receivables	(801)	(641)
Net trade receivables	10,789	10,772
Other taxes and social security	-	582
Other receivables	83	68
Prepayments and accrued income	2,028	2,574
	12,900	13,996

13. Trade and other payables

	2025 £000	2024 £000
Trade payables	8,465	9,289
Other taxes and social security	901	1,159
Other payables	278	263
Accruals	3,193	3,366
	12,837	14,077

14. Provision for liabilities and charges

	Property £000	Other £000	Total £000
31 January 2023	1,037	-	1,037
Charged	124	493	617
Utilised	(217)	-	(217)
31 January 2024	944	493	1,437
Charged	250	989	1,239
Utilised	(200)	(774)	(974)
31 January 2025	994	708	1,702

	2025 £000	2024 £000
Current	733	1,437
Non-current	969	-
Total	1,702	1,437

Property

Property-related provisions consist of estimated rectification costs arising from wear and tear that will fall due on exiting property leases.

Other provisions

Other provisions include restructuring provisions and employee termination payments and are recognised when a detailed, formal plan has been established and communicated to those parties directly affected by the plan.

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