

**11 October 2023**



**SANDERSON DESIGN GROUP PLC**

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

**Interim Results for the six months ended 31 July 2023**

*Strong first-half licensing performance drives profit growth*

*Full year trading remains in line with Board expectations*

**Sanderson Design Group PLC** (AIM: SDG), the luxury interior design and furnishings group, announces its unaudited financial results for the six months ended 31 July 2023.

**Financial highlights**

	Six months ended 31 July		% Change (reported)	Year ended 31 January
	<b>2023 (H1 FY24)</b>	2022 (H1 FY23)		2023 (FY23)
Revenue	<b>£56.7m</b>	£57.9m	(2.1%)	£112.0m
Adjusted underlying profit before tax*	<b>£6.8m</b>	£6.3m	7.9%	£12.6m
Adjusted underlying basic EPS*	<b>7.39p</b>	6.90p	7.1%	14.18p
Statutory profit before tax	<b>£6.2m</b>	£5.5m	12.7%	£10.9m
Statutory profit after tax	<b>£4.7m</b>	£4.2m	11.9%	£8.8m
Basic EPS	<b>6.58p</b>	5.89p	11.7%	12.42p
Net cash**	<b>£15.9m</b>	£15.0m	6.0%	£15.4m
Dividend per share	<b>0.75p</b>	0.75p	-	3.50p

\*excluding share-based incentives, defined benefit pension charge and non-underlying items as summarised in note 5

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

- Revenue of £56.7m (H1 FY23: £57.9m), down 2.1% in reported currency (down 3.0% in constant currency), reflects strong growth in North America offset by a challenging market in the UK
- Outstanding performance from licensing with revenue up 81.6% at £6.9m (H1 FY23: £3.8m) in reported currency
- Brand product sales down 4.5% in reported currency (down 5.8% in constant currency) at £40.3m (H1 FY23: £42.2m), impacted by trading in the UK, down 11.8%, which represents approximately half of brand product sales
  - Strong performance from the strategic growth opportunity of North America, with sales up 10.3% in reported currency (up 5.9% in constant currency)
- Strong sales from the Zoffany and Morris & Co. brands in North America, up 35% and 16% respectively in reported currency (up 30% and 12% in constant currency)
- Following a strong comparator period when customers restocked post-Covid, third party manufacturing returned closer to pre-Covid levels with sales of £9.5m (H1 FY23: £11.9m; H1 FY20: £9.6m)
- Adjusted underlying profit before tax of £6.8m up 7.9% (H1 FY23: £6.3m), reflecting the significant contribution from high margin licensing activities and a continued focus on costs
- Strong balance sheet with net cash of £15.9m at 31 July 2023 (31 July 2022: £15.0m; 31 January 2023: £15.4m)
- Interim dividend of 0.75p per share (H1 FY23: 0.75p)

**Operational highlights**

- Major licensing agreements signed with NEXT, for Clarke & Clarke homewares, and with J Sainsbury plc's Habitat brand with Morris & Co. and Tu brand with Scion for a wide range of products
- Progress in delivery of the Group's US strategy, including relaunching the New York showroom and the early renewal of the distribution agreement with Kravet Inc. for Clarke & Clarke for a further five years

- Exciting product launches including Sophie Robinson x Harlequin and Disney Home x Sanderson with sampling running at a high level
- Investment in manufacturing continuing to drive digital printing, rising to 76% (H1 FY23: 73%) of total printing at Standfast and 22% (H1 FY23: 19%) of total printing at Anstey in the half year

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

"We are focused on growth opportunities in the US, where we are currently under indexed, on driving licensing income internationally and on mitigating the softness in the UK market through cost saving measures. Our licensing activities had an outstanding first half and continue to drive the Group's profit growth in the current year. As we enter the key autumn selling period, we are encouraged by the high level of sampling from recent product launches, by our pipeline of licensing opportunities and by the strength of our balance sheet. The Board's expectations for the full year remain unchanged."

**Analyst meeting and webcast**

A meeting for analysts and institutional investors will be held at 9.30 a.m. today, 11 October 2023, at the offices of Buchanan, 107 Cheapside, London EC2V 6DN. For details, please contact Buchanan at [SDG@buchanan.uk.com](mailto:SDG@buchanan.uk.com).

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

<https://stream.buchanan.uk.com/broadcast/650086f2f50a141a955e7341>

A replay of the webcast will be made available following the meeting at the Company's investor website, [www.sandersondesign.group](http://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 600 people, and its products are sold worldwide. It has showrooms in London, New York, Chicago and Amsterdam.

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

For further information please visit: [www.sandersondesigngroup.com](http://www.sandersondesigngroup.com).

*This announcement contains certain forward-looking statements that are based on management's current expectations or beliefs as well as assumptions about future events. These are subject to risk factors associated with, amongst other things, the economic and business circumstances occurring from time to time in the countries and sectors in which Sanderson Design Group operates. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a wide range of variables which could cause actual results, and Sanderson Design Group's plans and objectives, to differ materially from those currently anticipated or implied in the forward-looking statements. Investors should not place undue reliance on any such statements. Nothing in this announcement should be construed as a profit forecast.*

## CHIEF EXECUTIVE OFFICER'S STRATEGY AND OPERATIONAL REVIEW

The financial results for the six months ended 31 July 2023 show solid growth in profitability, further margin improvement and an increasing cash balance amid challenging market conditions, particularly in the UK, which impacted overall volumes. The positive profit performance in the half year has been achieved through a strong performance from licensing, continued growth in North America, careful cost control and other targeted management actions.

We have managed inflationary pressures in the first half, including pay rises in line with the Real Living Wage. We remain confident that market softness in the current half year will be offset by recent product launches and our licensing pipeline, along with cost savings from the recently completed rationalisation of our UK support function.

Group sales in the six-month period were down 2.1% in reported currency, down 3.0% in constant currency, at £56.7m (H1 FY23: £57.9m) reflecting in large part the challenging consumer environment in the UK which represents about half of brand product sales.

Our licensing segment delivered an outstanding half year with revenue up 81.6% at £6.9m (H1 FY23: £3.8m), driven by accelerated income of £5.0m (H1 FY23: £1.9m) from record licensing agreements signed in the first half. New licence agreements, products from which usually take about a year to progress from design to launch, are important building blocks for the future in terms of cash generation and licensing's underlying performance.

Major licensing agreements signed in the first half included NEXT with the Clarke & Clarke brand for a wide range of homewares. This five-year agreement, which will see the first product launches in spring next year, included accelerated income of £3.0m. The Company also signed a multi-year agreement with J Sainsbury plc, in which the supermarket group's Habitat homewares brand and Tu clothing brand will develop a wide range of licensed products in collaboration with the Scion and Morris & Co. brands. These agreements with NEXT and J Sainsbury highlight our strategic emphasis on collaborating with larger companies, complemented by high quality niche opportunities.

The underlying sales performance of licensing reflected good growth from our core licence revenue along with a larger than expected contribution from Morris & Co.'s agreement with Ruggable, the US specialist in washable rugs.

We continue discussions in connection with other licence opportunities and remain excited by the quality of our pipeline.

Our strategic growth segment of North America, which now represents about a quarter of brand product sales, showed growth of 10.3% in reported currency, 5.9% in constant currency, at £10.7m (H1 FY23: £9.7m), driven by the Morris & Co. and Zoffany brands along with a robust performance from Clarke & Clarke. We remain excited by the opportunity in North America; progress in the first half included relaunching our New York showroom, developing relationships with designers and collaborative partners, and renewing our distribution agreement with Kravet Inc. for Clarke & Clarke for a further five years, starting in September 2023. Clarke & Clarke sales have grown by approximately 25% since the initial agreement was signed in June 2019 and we look forward to the continued success of this relationship.

The difficult consumer environment in the UK led to brand product sales in the UK being down 11.8% at £19.5m. We are encouraged by recent product launches, including Sophie Robinson's Harlequin collection and the Disney Home x Sanderson collaboration. Sampling from both collections has been strong, with a particularly high level of sampling from the Disney Home collection at the time of last month's Focus trade show at Chelsea Harbour. However, we remain focused on cost control and efficiency gains to drive margin improvements. We recently completed a reorganisation of the UK support function, which is expected to yield annualised savings of £0.6m and will benefit the second half of this year and thereafter. This reorganisation aligns the business to the lower volumes of the current consumer environment and mitigates the significant inflationary pressures of the recent past.

Trading in our Northern Europe segment largely reflected the issues experienced in the UK, with brand product sales down 7.3% in reported currency, down 8.9% in constant currency, at £5.1m. Trading in the Rest of the World was up 2.0% in reported currency, unchanged in constant currency, at £5.0m, benefiting from contract sales to the hospitality market in the Middle East.

The Group's net cash balances have increased during the half year to £15.9m at 31 July 2023 (31 July 2023: £15.0m, 31 January 2023: £15.4m). The strength of our balance sheet protects the business during

the current challenging macro-environment and enables us to invest in growth opportunities and our ZeroBy30 pledge.

The second half last year included a significant investment in inventory, which has since decreased as planned. Inventory at the half year end was £26.2m, compared with £27.8m at 31 January 2023, and is expected to decrease further in the remainder of the financial year.

### **Live Beautiful**

Live Beautiful, which was launched in April 2021, is the Company's Environmental, Social and Governance strategy and includes two major commitments: for the Company to be net carbon ZeroBy30 and to be the employer of choice in the interior design and furnishings industry.

Along with consultants, we are looking at Scope 3 emissions in detail for the first time. We also expect to complete the previously announced installation of solar panel on a replacement roof at our Standfast & Barracks factory over the next 12 months.

## **OPERATIONAL REVIEW**

The table below shows the Group's sales performance in the six months ended 31 July 2023 ('H1 FY24'), compared with H1 FY23.

	Six months ended 31 July (£m)		Change (%)	
	2023	2022	Reported	Constant currency
<b>Brand product</b>				
UK	19.5	22.1	(11.8%)	(11.8%)
North America	10.7	9.7	10.3%	5.9%
Northern Europe	5.1	5.5	(7.3%)	(8.9%)
Rest of the World	5.0	4.9	2.0%	(0.0%)
<b>Total Brand product revenue</b>	<b>40.3</b>	42.2	(4.5%)	(5.8%)
<b>Manufacturing*</b>				
External	9.5	11.9	(20.2%)	-
Internal	7.6	9.7	(21.6%)	-
<b>Total Manufacturing revenue</b>	<b>17.1</b>	21.6	(20.8%)	-
<b>Licensing*</b>				
<b>Total Licensing revenue</b>	<b>6.9</b>	3.8	81.6%	-
<i>Intercompany eliminations*</i>	<b>(7.6)</b>	(9.7)	(21.6%)	-
<b>TOTAL REVENUE*</b>	<b>56.7</b>	57.9	(2.1%)	(3.0%)

\*does not report in constant exchange rate

### **The Brands**

The brands segment comprises the sales and licensing activities of Clarke & Clarke, Harlequin, Morris & Co., Sanderson, Scion and Zoffany. It also includes licensing income as well as global trading from the brands.

#### **Clarke & Clarke**

Clarke & Clarke is the Company's biggest selling brand. Its sales in the half year were resilient at £11.6m, a decrease of 2% in reported currency, 4% in constant currency, compared with the first half last year. As mentioned earlier, the Company recently renewed its successful distribution agreement in the US with Kravet Inc. for Clarke & Clarke for a further five years. Clarke & Clarke has recently begun to attract licencing partners and in February this year NEXT signed a master agreement to produce a very broad range of Clarke & Clarke homeware, including bedding, towelling, tableware, furniture and lighting. The launch of the first products from this agreement, which attracted accelerated income of £3.0m, is expected in spring 2024.

## **Harlequin**

Harlequin is a predominantly UK brand and its sales in the half year were £7.2m, a decrease of 13% in reported currency, 14% in constant currency, compared with the first half last year. The brand remains the biggest selling wallpaper and fabric brand in John Lewis and we are beginning to gain traction from our strategy to promote the brand, including the colour science initiative. We are excited by the recent launch of the Sophie Robinson collection, which has been well received. John Lewis has already been developing licensed products from the collection including cushions which launched recently.

## **Morris & Co.**

Morris & Co. has grown rapidly during the past few years to become our second biggest selling brand in terms of brand product sales, and it also attracts substantial licensing income. Morris & Co.'s brand product sales in the first half were broadly unchanged at £9.4m, a decrease of 1% in reported currency and 2% in constant currency, compared with the first half last year. The brand continues to perform well in the US, where initiatives have included a special edit in a collaboration with McGee & Co, a direct-to-consumer website created by the influential interiors company Studio McGee. In terms of licensed product in the US, Ruggable's launch of Morris & Co. rugs has quickly exceeded expectations.

## **Sanderson**

The Sanderson brand was resilient in the first half, with sales of £6.9m, a decrease of 4% in reported currency, 5% in constant currency, compared with the first half last year. Its big product launch this year was Arboretum, which was launched in the spring and has been well received. We are excited by the potential of the Sanderson brand in the months ahead following the recent launch of the Disney Home x Sanderson collection of vintage-inspired wallpapers and fabrics, and also by a collection of trimmings from Salvesen Graham, the British design duo. Calendar year 2024 promises to be an important year for the brand, not least with the launch of the much-anticipated collaboration with London-based Giles Deacon, the couture designer and illustrator.

## **Scion**

Scion is predominantly a licensing brand, and its licensing revenue makes a strong contribution to the Group. Its products are also sold from a direct-to-consumer website, [scionliving.com](https://scionliving.com). Sales in the half year were £0.7m, a decrease of 30% in both reported currency and constant currency, compared with the first half last year.

## **Zoffany**

Zoffany returned to growth in the first half of the year as a result of our work to restore the brand to its luxury roots, positioning it for high-end bespoke projects. Recent collections, including Arcadian Thames, have sold well, benefiting from the sourcing of niche, luxury fabrics from high end mills. Zoffany sales in the first half were £4.4m, an increase of 5% in reported currency, 2% in constant currency, compared with the first half last year. Zoffany has performed particularly well in the US, where the Company has been working directly with designers on major residential projects.

## **Manufacturing**

Manufacturing is a core part of our value proposition as an integrated design company that designs, scales and prints. The world-class capabilities of our manufacturing operations include the use of multiple printing techniques with the share of digital printing rising significantly and creating new opportunities for innovation by combining digital and conventional techniques.

During the half year, third party manufacturing at £9.5m was down 20.2% compared with the strong comparator last year, when customers restocked post Covid. In addition, the general consumer slowdown has reduced the requirement for repeat orders as customers have sufficient stock. Importantly, orders for new collections have held up well and orderbooks have further improved during the past few weeks. Going forward, the comparator for manufacturing in the second half last year is less demanding as it does not include restocking post Covid.

Digital printing at Anstey, our wallpaper factory, has grown rapidly since the investment in a new digital printer last year. The percentage of digital wallpaper printing, compared with traditional techniques, increased to 22% of the factory's wallpaper printing during the first half (H1 FY23: 19%) and is currently at about 25%.

Digital printing at Standfast represented 76% of the factory's fabric printing during the first half (H1 FY23: 73%).

## **CURRENT TRADING AND OUTLOOK**

We are focused on growth opportunities in the US, where we are currently under indexed, on driving licensing income internationally and on mitigating the softness in the UK market through cost saving

measures. Our licensing activities had an outstanding first half and continue to drive the Group's profit growth in the current year. At the start of this month, the second year of our Morris & Co. womenswear licensing renewal with NEXT was confirmed, attracting accelerated income of £0.3 million.

As we enter the key autumn selling period, we are encouraged by the high level of sampling from recent product launches, by our pipeline of licensing opportunities and by the strength of our balance sheet. Therefore, the Board's expectations for the full year remain unchanged.

## CHIEF FINANCIAL OFFICER'S REVIEW

### Key Financial Indicators

We measure and monitor key performance and financial indicators across the Group. We set out below a summary of the Group's key financial indicators.

	Six months ended	
31 July		2023
2022		
Revenue (£m)	<b>56.7</b>	57.9
Profit before tax (£m)	<b>6.2</b>	5.5
Profit before tax (%)	<b>10.9%</b>	9.5%
Basic earnings per share (pence)	<b>6.58p</b>	5.89p
Adjusted underlying profit before tax* (£m)	<b>6.8</b>	6.3
Adjusted underlying profit before tax* (%)	<b>12.0%</b>	10.9%
Adjusted underlying basic earnings per share* (pence)	<b>7.39p</b>	6.90p
Net cash (£m)	<b>15.9</b>	15.0
Inventory (£m)	<b>26.2</b>	26.7
Capital expenditure (£m)	<b>1.5</b>	1.5

\*excluding share-based payment charge, defined benefit pension charge and non-underlying items as summarised in note 5

### Revenue

Group sales in the six-month period of £56.7m (comprising Brand product and external Manufacturing sales along with licensing revenue) were down 2.1% in reported currency compared with the same period last year (H1 FY23: £57.9m), down 3.0% on a constant currency basis.

	Six months ended 31 July		
	2023	2022	Change
<b>Revenue</b>	<b>£m</b>	£m	%
Brands	<b>40.3</b>	42.2	(4.5%)
Licensing	<b>6.9</b>	3.8	81.6%
<b>Total Brands</b>	<b>47.2</b>	46.0	2.6%
Manufacturing - External	<b>9.5</b>	11.9	(20.2%)
<b>Group</b>	<b>56.7</b>	57.9	(2.1%)

### Brand product

Brand product revenue in the first half was impacted by the challenging UK market, which represents approximately 48% of total brand product revenue. The targeted growth market of the US continued to perform well, with sales up 10.3% in reported currency. The Rest of the World market benefited from an increasing number of contract sales to the hospitality market in the Middle East.

### Manufacturing

Third-party manufacturing at £9.5 million was down 20.2% compared with the strong comparator last year (H1 FY23: £11.9m), when customers were restocking post Covid, and reflects a return to more normalised trading conditions. Repeat orders were down in the first half this year both from third-party and Group brands, although orders for new collections have held up well.

### Licensing

Licensing performed strongly in the first half with total licensing revenue up 81.6% at £6.9 million (H1 FY23: £3.8m), driven by accelerated income of £5.0m (H1 FY23: £1.9m) from recently signed licence agreements. Major new licensing deals were signed with NEXT and Sainsbury's in February and March

2023 respectively and a considerable number of licence renewals were also agreed, underlining the strength of our licensing relationships. Sangetsu has recently launched Morris Chronicles in Japan, a collection of Morris & Co. fabrics, wallpapers and floor coverings, and, this autumn, the Company has launched the Disney Home x Sanderson collection of vintage-inspired fabrics and wallpapers.

### Gross profit

Gross profit for the period was £38.5m, compared with £38.1m in H1 FY23, whilst the gross profit margin at 67.9% represents an increase of 210 basis points over H1 FY23, driven by increased licensing income.

Excluding the impact of licence income, which generates 100% gross profit, margins remained flat at 63.4%. Manufacturing margins have been negatively impacted by increased electricity costs, salary inflation and reduced volumes in H1. However, Brand Product margins have improved year-on-year as the benefits of our SKU reduction programme start to be realised.

		Six months	
		ended 31 July	
		2023	2022
Product	Revenue (£m)	49.8	54.1
	Gross profit (£m)	31.6	34.3
	%	63.4%	63.4%
Licence	Revenue (£m)	6.9	3.8
	Gross profit (£m)	6.9	3.8
	%	100%	100%
Total	Revenue (£m)	56.7	57.9
	Gross profit (£m)	38.5	38.1
	%	67.9%	65.8%

As previously communicated, our 2-year fixed price gas supply contract expires in October this year. Given the significant increases in wholesale prices since October 2021, we estimate this will increase our costs by £0.9m per annum.

### Profit before tax

Profit before tax for the period was £6.2m, up from £5.5m for H1 FY23.

ended 31 July (£m)	Six months	
	2023	2022
Revenue	56.7	57.9
Gross profit	38.5	38.1
Distribution and selling expenses	(12.8)	(12.7)
Administration expenses	(22.1)	(22.4)
Other operating income	2.4	2.3
Net finance income	0.2	0.1
Profit before tax	6.2	5.5

Distribution and selling expenses of £12.8m represented 22.6% of revenue in the period compared with 21.9% in H1 FY23. The increase as a percentage of revenue can largely be attributed to commission payments as our sales mix has shifted towards those markets where we employ an agency model.

Conversely, administration expenses fell to £22.1m in the current period from £22.4m for H1 FY23 despite general inflationary pressure including an average 7% salary increase (as we continue our commitment to be a Real Living Wage Employer). The Company has recently streamlined its UK support function, which is expected to yield annualised savings of £0.6 million whilst maintaining a high level of customer focus. Marketing investment has also been re-focused following investment in the Chelsea Flower Show in H1 FY23.

Other operating income of £2.4m (H1 FY23: £2.3m) comprises consideration received from the sale of marketing materials (the cost of which are included within distribution and selling expenses).

### Adjusted underlying profit before tax

Adjusted underlying profit before tax was £6.8m, up from £6.3m in H1 FY23.

	Six months ended 31 July	
	(£m)	
	2023	2022
Profit before tax	6.2	5.5
Amortisation of acquired intangible assets	0.1	0.5

Restructuring and reorganisation costs	<b>0.1</b>	-
<b>Underlying profit before tax</b>	<b>6.4</b>	6.0
Share-based payment charge	<b>0.2</b>	-
Net defined benefit pension charge	<b>0.2</b>	0.3
<b>Adjusted underlying profit before tax</b>	<b>6.8</b>	6.3

Non-underlying items comprise:

- Amortisation of intangible assets: £0.1m (H1 FY23 £0.5m) in respect of the acquisition of Clarke & Clarke in October 2016.
- Restructuring and re-organisation costs: £0.1m (H1 FY23: nil) relate to the streamlining of the UK support function

### Taxation

Tax for the period is charged on profit before tax based on the forecast effective tax rate for the full year. The estimated effective tax rate (before adjusting items) for the period was 23.7% (H1 FY23: 23.4%). The corporation tax rate increased from 19% to 25% on 6 April 2023 giving a straddle rate of 24% for the full year.

### Working capital

(all figures in £m)	<b>31 July</b>	31 July 2022	31 January
	<b>2023</b>		2023
Inventories	<b>26.2</b>	26.7	27.8
Trade debtors	<b>11.3</b>	12.6	12.0
Trade creditors	<b>(10.0)</b>	(9.9)	(10.4)

### Inventories

Net inventory of £26.2m was lower than both H1 FY23 of £26.7m and year-end FY23 of £27.8m. Within the Brands segment, the benefit of our SKU reduction strategy continues to realise benefits with inventory £1.6m lower than at year-end. Within the manufacturing division, lower sales volumes have meant that planned reductions in raw material levels are taking longer to take effect than for finished goods but is expected to start to be realised in H2.

### Trade receivables

The Group continues to experience limited bad debts across our customer base. However, in the current economic environment we maintain a strong focus on our credit management procedures to improve controls and to mitigate potential credit risk.

### Capital expenditure

Capital expenditure in the period totalled £1.5m (H1 FY23: £1.5m). As highlighted previously, the level of capital investment required in the coming years is likely to be above historical levels as we look to boost our digital printing capacity in both our factories whilst also investing in improved systems to improve our customer service proposition. Our forward expenditure programme is closely aligned to our Live Beautiful strategy with capital maintenance projects only being approved if they can be proven to support us on our journey to ZeroBy30.

### Cash position and banking facilities

Cash at the half year was £15.9m compared with £15.4m at 31 January 2023 and £15.0m at 31 July 2022.

The Group has banking facilities provided by Barclays Bank plc. The Group has a £12.5m multi-currency revolving committed credit facility which is due for renewal in October 2024, further details of which can be found in the Group's Annual Report and Accounts 2023. The agreement also includes a £5m uncommitted accordion facility option to further increase available credit which provides substantial headroom for future growth. Our covenants under the facility are EBITDA and interest cover measures. The Group is currently renegotiating the renewal of this facility.

### Defined benefit pension

The Group operates two defined benefit pension schemes in the UK both of which are closed to new members and to future service accrual. In the six months ended 31 July 2023, the Group made



contributions of £1.4m (H1 FY22: £1.2m) to these schemes. The schemes recorded a deficit of £1.2m at 31 July 2023 (H1 FY22: surplus of £2.6m; 31 January 2023: deficit of £2.4m).

### Dividend

A final dividend of 2.75p in respect of the year ended 31 January 2023 was paid on 11 August 2023 to the shareholders on the Company's register on 14 July 2023.

The Board is announcing a maintained interim dividend of 0.75p for the six months ended 31 July 2023 (H1FY22: 0.75p), payable on 24 November 2023 to shareholders on the register on 20 October 2023. The ex-dividend date is 19 October 2023. This dividend reflects the progress made by the business in the first half and the strength of the Group's balance sheet whilst also acknowledging the uncertainties in the current macro-economic and consumer environment.

## Unaudited Consolidated Income Statement

For the six months ended 31 July 2023

	Note	6 months to 31 July 2023 £000	6 months to 31 July 2022 £000
Revenue	2	56,689	57,922
Cost of sales		(18,198)	(19,788)
Gross profit		38,491	38,134
Net operating expenses:			
Distribution and selling expenses		(12,820)	(12,652)
Administration expenses		(22,079)	(22,371)
Other operating income	3	2,363	2,272
<b>Profit from operations</b>		<b>5,955</b>	5,383
Finance income		345	166
Finance costs		(148)	(83)
Net finance income		197	83
<b>Profit before tax</b>		<b>6,152</b>	5,466
Tax expense	4	(1,453)	(1,282)
<b>Profit for the period attributable to owners of the parent</b>		<b>4,699</b>	4,184
<b>Earnings per share - Basic</b>	5	<b>6.58</b>	5.89p
<b>Earnings per share - Diluted</b>	5	<b>6.52</b>	5.83p
<b>Adjusted earnings per share - Basic</b>	5	<b>7.39</b>	6.90p
<b>Adjusted earnings per share - Diluted</b>	5	<b>7.33</b>	6.82p

## Unaudited Consolidated Statement of Comprehensive Income

For the six months ended 31 July 2023

		6 months to 31 July 2023 £000	6 months to 31 July 2022 £000
<b>Profit for the period</b>		<b>4,699</b>	4,184
<b>Other comprehensive income/(expense):</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurement of defined benefit pension schemes		121	(856)
Tax (credit)/charge relating to pension schemes		(30)	214
Cash flow hedge		(61)	-
<b>Total items that will not be reclassified to profit</b>			

<b>or loss</b>	<b>30</b>	(642)
<b>Items that may be reclassified subsequently to profit or loss</b>		
Currency translation losses	(251)	(84)
<b>Other comprehensive expense for the period, net of tax</b>	<b>(221)</b>	(726)
<b>Total comprehensive income for the period attributable to the owners of the parent</b>	<b>4,478</b>	3,458

## Unaudited Consolidated Balance Sheet

As at 31 July 2023

	Note	<b>As at 31 July 2023 £000</b>	As at 31 January 2023 £000
<b>Non-current assets</b>			
Intangible assets		<b>26,299</b>	26,448
Property, plant and equipment		<b>12,814</b>	12,619
Right-of-use assets		<b>3,770</b>	4,577
Minimum guaranteed licensing receivables		<b>6,889</b>	2,637
		<b>49,772</b>	46,281
<b>Current assets</b>			
Inventories		<b>26,248</b>	27,774
Trade and other receivables		<b>15,718</b>	16,327
Minimum guaranteed licensing receivables		<b>1,488</b>	1,433
Financial derivative instruments		<b>51</b>	112
Cash and cash equivalents	6	<b>15,859</b>	15,401
		<b>59,364</b>	61,047
<b>Total assets</b>		<b>109,136</b>	107,328
<b>Current liabilities</b>			
Trade and other payables		<b>(16,047)</b>	(16,286)
Lease liabilities		<b>(1,370)</b>	(1,701)
Provision for liabilities and charges		<b>(420)</b>	-
		<b>(17,837)</b>	(17,987)
<b>Net current assets</b>		<b>41,527</b>	43,060
<b>Non-current liabilities</b>			
Lease liabilities		<b>(2,495)</b>	(3,421)
Deferred income tax liabilities		<b>(1,013)</b>	(1,121)
Retirement benefit obligation		<b>(1,175)</b>	(2,446)
Provision for liabilities and charges		<b>(717)</b>	(1,037)
		<b>(5,400)</b>	(8,025)
<b>Total liabilities</b>		<b>(23,237)</b>	(26,012)
<b>Net assets</b>		<b>85,899</b>	81,316
<b>Equity</b>			
Share capital		<b>715</b>	715
Share premium account		<b>18,682</b>	18,682
Foreign currency translation reserve		<b>(618)</b>	(367)
Retained earnings		<b>26,613</b>	21,779
Other reserves		<b>40,507</b>	40,507
<b>Total equity</b>		<b>85,899</b>	81,316

## Unaudited Consolidated Cash Flow Statement

For the six months ended 31 July 2023

	Note	6 months to 31 July 2023 £000	6 months to 31 July 2022* £000
<b>Profit from operations</b>		<b>5,955</b>	5,383
Intangible asset amortisation		<b>368</b>	846
Property, plant and equipment depreciation		<b>1,164</b>	1,233
Right-of-use asset depreciation		<b>1,167</b>	1,253
Share-based payment equity charge		<b>181</b>	28
Defined benefit pension charge		<b>164</b>	310
Employer contributions to pension schemes		<b>(1,355)</b>	(1,182)
Decrease/(increase) in inventories		<b>1,526</b>	(4,097)
Decrease in trade and other receivables		<b>475</b>	960
Increase in minimum guaranteed licensing receivables		<b>(4,042)</b>	(1,622)
Decrease in trade and other payables		<b>(1,829)</b>	(4,393)
Increase in provision for liabilities and charges		<b>100</b>	-
Tax paid		<b>(418)</b>	(133)
<b>Net cash generated from/(used in) operating activities</b>		<b>3,456</b>	(1,414)
<b>Cash flows from investing activities</b>			
Finance income received		<b>80</b>	10
Purchase of intangible assets		<b>(219)</b>	(188)
Purchase of property, plant and equipment		<b>(1,404)</b>	(1,301)
Net cash used in investing activities		<b>(1,543)</b>	(1,479)
<b>Cash flows from financing activities</b>			
Repayment of lease liabilities		<b>(1,281)</b>	(1,175)
Net cash used in financing activities		<b>(1,281)</b>	(1,175)
Net increase/(decrease) in cash and cash equivalents		<b>632</b>	(4,068)
<b>Cash and cash equivalents at the beginning of period</b>		<b>15,401</b>	19,050
Effect of exchange rate fluctuations on cash held		<b>(174)</b>	36
<b>Cash and cash equivalents at end of period</b>	6	<b>15,859</b>	15,018

*\*the prior period comparatives have been restated to provide consistent presentation with the Annual Report 2023. Depreciation for property, plant and equipment and depreciation for right-of-use assets are disclosed separately instead of a combined figure. Minimum guaranteed licensing receivables are separated from trade and other receivables. Interest paid is split into lease interest within repayment of lease liabilities and prepayment of facility fee within trade and other receivables.*

## Unaudited Consolidated Statement of Changes in Equity

For the six months ended 31 July 2023

	Attributable to owners of the parent company					Total equity £000
	Share capital £000	Share premium account £000	Retained earnings £000	Other reserve* £000	Foreign currency translation reserve £000	
Balance at 1 February 2022	710	18,682	20,610	40,507	(796)	79,713
Profit for the period	-	-	4,184	-	-	4,184
Remeasurements of defined benefit pension schemes	-	-	(856)	-	-	(856)
Deferred tax relating to pension schemes	-	-	214	-	-	214
Currency translation differences	-	-	-	-	(84)	(84)

Total comprehensive expense	-	(642)	-	(84)	(726)	
Transactions with owners, recognised directly in equity:						
Share-based payment equity charge	-	-	89	-	89	
Related tax movements on share based payment	-	-	(109)	-	(109)	
Balance at 1 August 2022	710	18,682	24,132	40,507	(880)	83,151
Profit for the period	-	-	4,641	-	-	4,641
Other comprehensive income/(expense):						
Remeasurements of defined benefit pension schemes	-	-	(6,125)	-	-	(6,125)
Deferred tax relating to pension scheme liability	-	-	1,531	-	-	1,531
Cash flow hedge	-	-	112	-	-	112
Currency translation differences	-	-	-	-	513	513
Total comprehensive income/(expense)	-	18,682	(4,482)	-	513	(3,969)
Transactions with owners, recognised directly in equity:						
Dividends	-	-	(2,484)	-	-	(2,484)
Issuance of share capital for share-based payment vesting	5	-	(5)	-	-	-
Share-based payment equity charge	-	-	404	-	-	404
Related tax movements on share- based payment	-	-	3	-	-	3
Share-based payment vesting	-	-	(430)	-	-	(430)
Balance at 31 January 2023	715	18,682	21,779	40,507	(367)	81,316

\*consists of capital reserve and merger reserve

## Unaudited Consolidated Statement of Changes in Equity (cont'd)

For the six months ended 31 July 2023

	Attributable to owners of the parent company					Total equity £000
	Share capital £000	Share premium account £000	Retained earnings £000	Other reserve* £000	Foreign currency translation reserve £000	
<b>Balance at 1 February 2023</b>	<b>715</b>	<b>18,682</b>	<b>21,779</b>	<b>40,507</b>	<b>(367)</b>	<b>81,316</b>
<b>Profit for the period</b>	-	-	<b>4,699</b>	-	-	<b>4,699</b>
<b>Other comprehensive income/(expense):</b>						
Remeasurements of defined benefit pension schemes	-	-	121	-	-	121
Deferred tax relating to pension scheme liability	-	-	(30)	-	-	(30)
Cash flow hedge	-	-	(61)	-	-	(61)
Currency translation differences	-	-	-	-	(251)	(251)
<b>Total comprehensive income/(expense)</b>	-	-	<b>4,729</b>	-	<b>(251)</b>	<b>4,478</b>
Transactions with owners, recognised directly in equity:						
Share-based payment equity charge	-	-	181	-	-	181
Related tax movements on share-based payment	-	-	(76)	-	-	(76)
<b>Balance at 31 July 2023</b>	<b>715</b>	<b>18,682</b>	<b>26,613</b>	<b>40,507</b>	<b>(618)</b>	<b>85,899</b>

\*consists of capital reserve and merger reserve

## Notes to the unaudited interim financial statements

## **1. Basis of preparation of unaudited interim financial statements**

The interim financial statements have been prepared in accordance with the accounting policies that the Group expects to apply in its annual financial statements for the year ending 31 January 2024.

The accounting policies adopted in the preparation of these interim financial statements to 31 July 2023 are consistent with the accounting policies applied by the Group in its Annual Report and Accounts for the year ended, 31 January 2023.

The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 January 2023 prepared in accordance with UK adopted International Accounting Standards. All comparative information is for the six-month period ended 31 July 2022, except for the Balance Sheet information which is as at 31 January 2023.

No new standards and interpretations issued and effective for the year have had any significant impact on the preparation of the financial statements.

The interim financial statements do not represent statutory accounts for the purposes of section 434 'Requirements in connection with publication of statutory accounts' of the Companies Act 2006. The financial information for the year ended 31 January 2023 is based on the statutory accounts for the financial year ended 31 January 2023, on which the auditors issued an unqualified opinion and did not contain a statement under section 498 'Duties of auditor' of the Companies Act 2006 and have been delivered to the Registrar of Companies. The interim financial statements for the six-month period ended 31 July 2023 have not been audited.

### **Critical accounting estimates and judgements**

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 January 2023 - going concern assessment which is explained in further detail below, retirement benefit pension obligations and impairment of non-financial assets.

### **Going concern**

A key accounting judgement for these interim financial statements for the six months ended 31 July 2023 is the adoption of the going concern basis of preparation.

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 to 31 January 2025. In doing so, the Board considered events throughout the period of their assessment, including the availability and maturity profile of the Group's financing facilities and covenant compliance. These interim 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 £12.5m Revolving Credit Facility ("RCF") which is linked to two covenants. These covenants are tested quarterly on 30 April, 31 July, 31 October and 31 January each year until the facility matures in October 2024. The Board expects the facility to be rolled over with broadly similar terms with no significant changes to the existing covenant levels.

Throughout the period and up to the date of this report the Company has met all required covenant tests. The total headroom of the Group on 31 July 2023 was £28.4m (31 January 2023: £27.9m), including cash and cash equivalents of £15.9m (31 January 2023: £15.4m) and the committed facility of £12.5m (31 January 2023: £12.5m). The Group has also access to an uncommitted accordion facility of £5.0m (31 January 2023: £5.0m) with Barclays Bank plc.

A Management Base Case ('MBC') model has been prepared, together with alternative stress tested scenarios, given the uncertainty regarding the impact of economic difficulties (including inflationary pressures and interest rate rises) and the Ukraine war (including impact of sanctions, duration of war and inflationary pressures). These scenarios indicate that the Company retains adequate headroom against its borrowing facilities and bank covenants for the foreseeable future.

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

Having considered all the comments above the Directors consider that the Group has 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 12 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.

### Principal risks

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The interim financial statements do not include all of the risk management information and disclosures required in the annual report and accounts; they should be read in conjunction with the Group's Annual Report and Accounts on 31 January 2023. Information on the principal risks can be found on page 35 to 39 of the Group's 2023 Annual Report and Accounts on 31 January 2023 which comprise of competition, trading environment, foreign exchange, supply chain pressure, recruitment and retention of key employees, reputation risk, environmental risk, health and safety risk, major incident or disaster and IT. There have been no changes in either the principal risks or risk management policies since the year end.

### Approval of interim financial statements

The Board approved the interim financial statements on 10 October 2023.

## 2. 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, and licensing activities of Morris & Co., Sanderson, Zoffany, Clarke & Clarke, Harlequin and Scion brands.
- Manufacturing - comprising the wallcovering and printed fabric manufacturing businesses operated by Anstey and Standfast & Barracks respectively.

This is consistent with the basis on which the Group presents its operating results to the Board of Directors, which is the Chief Operating Decision Maker, 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 and eliminations of inter-segment items, are presented within 'intercompany eliminations and unallocated'.

The Group has revised its segmental methodology during the period by reviewing the allocation of shared costs and operating profits among the business segments and restated the prior year's comparatives to improve usefulness of the segmentation. The amounts reclassified for the period ended 31 July 2022 are:

- 1 . Central to Manufacturing of £0.7m relating to allocation of costs such as rental, audit fee, insurance, human resource and IT which are shared by all business segments but accounted for by a business segment and Brands to Central of £1.0m relating to central costs such as pension scheme costs and stock consolidation adjustments accounted for in Brands.
- 2 . Central to Brands of £0.1m in operating profits as the senior management at the Central and Brands units spend significant amount of time jointly performing key value driving functions and taking important decisions that influence the way the Group functions strategically as well as on a day-to-day basis. Each of these segments also perform some more routine and less complex functions. These functions take place within the framework set by the senior leadership in these two business segments.

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

6 months to 31 July 2023	Intercompany eliminations and unallocated			Total £000
	Brands £000	Manufacturing £000	unallocated £000	
UK revenue	19,512	6,411	-	25,923
International revenue	20,769	3,047	-	23,816
Licence revenue	6,950	-	-	6,950
Revenue - external	47,231	9,458	-	56,689
Revenue - internal	-	7,576	(7,576)	-
<b>Total revenue</b>	<b>47,231</b>	<b>17,034</b>	<b>(7,576)</b>	<b>56,689</b>
<b>Profit / (Loss) from operations</b>	<b>6,506</b>	<b>(485)</b>	<b>(66)</b>	<b>5,955</b>
<b>Net finance income</b>	<b>-</b>	<b>-</b>	<b>197</b>	<b>197</b>
<b>Profit / (Loss) before</b>	<b>6,506</b>	<b>(485)</b>	<b>131</b>	<b>6,152</b>

<b>Tax charge</b>	-	-	<b>(1,453)</b>	<b>(1,453)</b>
<b>Profit / (Loss) for the period</b>	<b>6,506</b>	<b>(485)</b>	<b>(1,322)</b>	<b>4,699</b>

There is no seasonality to the total revenue and operating profits for the period.

6 months to 31 July 2022*	Intercompany eliminations and unallocated			Total £000
	Brands £000	Manufacturing £000	unallocated £000	
UK revenue	22,039	7,827	-	29,866
International revenue	20,131	4,090	-	24,221
Licence revenue	3,835	-	-	3,835
Revenue - external	46,005	11,917	-	57,922
Revenue - internal	-	9,773	(9,773)	-
Total revenue	46,005	21,690	(9,773)	57,922
Profit / (Loss) from operations*	4,035	2,503	(1,155)	5,383
Net finance income	-	-	83	83
Profit / (Loss) before tax	4,035	2,503	(1,072)	5,466
Tax charge	-	-	(1,282)	(1,282)
Profit / (Loss) for the period	4,035	2,503	(2,354)	4,184

\*the prior period comparatives have been restated to provide consistent presentation with the current period

#### b) Additional segmental revenue information

The segmental revenues of the Group are reported to the CODM in more detail. One of the analyses presented is revenue by export market for Brands.

<b>Brands international revenue by export market</b>	<b>6 months to 31 July 2023</b>	
	<b>6 months to 31 July 2022</b>	<b>6 months to 31 July 2022</b>
	<b>£000</b>	<b>£000</b>
North America	<b>10,687</b>	9,681
Northern Europe	<b>5,083</b>	5,521
Rest of the World	<b>4,999</b>	4,929
	<b>20,769</b>	20,131

Revenue of the Brands reportable segment - revenue from operations in all territories where the sale is sourced from the Brands operations, together with contract and licence revenue:

<b>Brands revenue analysis</b>	<b>6 months to 31 July 2023</b>	
	<b>6 months to 31 July 2022</b>	<b>6 months to 31 July 2022</b>
	<b>£000</b>	<b>£000</b>
Clarke & Clarke	<b>11,576</b>	11,828
Morris & Co.	<b>9,357</b>	9,462
Harlequin	<b>7,185</b>	8,277
Sanderson	<b>6,887</b>	7,174
Zoffany	<b>4,433</b>	4,247
Scion	<b>697</b>	997
Other brands	<b>146</b>	185
Licensing	<b>6,950</b>	3,835
	<b>47,231</b>	46,005

Revenue of the Manufacturing reportable segment - including revenues from internal sales to the Group's Brands:

<b>Manufacturing revenue analysis</b>	<b>6 months to 31 July 2023</b>	
	<b>6 months to 31 July 2022</b>	<b>6 months to 31 July 2022</b>
	<b>£000</b>	<b>£000</b>

Standfast	<b>8,900</b>	11,265
Anstey	<b>8,134</b>	10,425
	<b>17,034</b>	21,690

### 3. Other operating income

Other operating income comprises consideration received from the sale of marketing materials and other services of £2,363,000 (H1 FY23: £2,272,000).

### 4. Tax expense

	<b>6 months to 31 July 2023</b>	6 months to 31 July 2022
	<b>£000</b>	£000
Current tax:		
- UK, current tax	<b>(1,029)</b>	(759)
- overseas, current tax	<b>(45)</b>	(61)
- overseas, adjustment in respect of prior year	<b>(256)</b>	(54)
Corporation tax	<b>(1,330)</b>	(874)
Deferred tax:		
- current period	<b>(339)</b>	(408)
- adjustments in respect of prior year	<b>216</b>	-
Deferred tax	<b>(123)</b>	(408)
<b>Total tax expense for the period</b>	<b>(1,453)</b>	(1,282)

### 5. 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 period, 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.

	<b>6 months to 31 July 2023</b>			6 months to 31 July 2022		
	<b>Earnings £000</b>	<b>Weighted average number of shares (000s)</b>	<b>Per share amount Pence</b>	Earnings £000	Weighted average number of shares (000s)	Per share amount Pence
<b>Basic earnings per share</b>	<b>4,699</b>	<b>71,468</b>	<b>6.58</b>	4,184	70,983	5.89
<b>Effect of dilutive securities:</b>						
Shares under LTIP		592			838	
<b>Diluted earnings per share</b>	<b>4,699</b>	<b>72,060</b>	<b>6.52</b>	4,184	71,821	5.83
<b>Adjusted underlying basic and diluted earnings per share:</b>						
Add back: share-based payment charge	183			28		
Add back: Net defined benefit pension charge (including National Insurance)	164			310		
Non-underlying items (see below)	269			508		
Tax effects of non-underlying items with other add backs	(33)			(134)		
<b>Adjusted underlying basic</b>	<b>5,282</b>	<b>71,468</b>	<b>7.39</b>	4,896	70,983	6.90



## earnings per share

<b>Adjusted underlying diluted earnings per share</b>	<b>5,282</b>	<b>72,060</b>	<b>7.33</b>	4,896	71,821	6.82
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The Group issued ordinary share capital with voting rights consists of 71,468,206 (H1 FY23: 70,983,505) ordinary shares of which nil (H1 FY23: nil) ordinary shares are held in treasury and 1 (H1 FY23: 220) ordinary share is held by the Walker Greenbank PLC EBT. Shares held in treasury or by the EBT are treated as cancelled when calculating EPS.

### **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.

Adjusted underlying profit before tax:

	<b>6 months to 31 July 2023 £000</b>	6 months to 31 July 2022 £000
<b>Statutory profit before tax</b>	<b>6,152</b>	5,466
Amortisation of acquired intangible assets (a)	<b>138</b>	508
Restructuring and reorganisation costs (b)	<b>131</b>	-
<b>Net non-underlying charge included in statutory profit before tax</b>	<b>269</b>	508
<b>Underlying profit before tax</b>	<b>6,421</b>	5,974
Share-based payment charge	<b>183</b>	28
Net defined benefit pension charge	<b>164</b>	310
<b>Adjusted underlying profit before tax</b>	<b>6,768</b>	6,312

In calculating the adjusted underlying profit before tax, the Group adjusts for non-underlying items which are material non-recurring items or items considered to be non-operational in nature. The nature of these adjustments is outlined as follows:

- (a) Amortisation of acquired intangible assets of £138,000 (H1 FY23: £508,000).
- (b) Restructuring and reorganisation costs  
These relate to the reorganisation of the Group and comprise of rationalisation of certain operation and support functions of £131,000 (H1 FY23: nil).

## **6. Analysis of net funds**

	<b>1 February 2023 £000</b>	<b>Cash flow £000</b>	<b>Other non-cash changes £000</b>	<b>31 July 2023 £000</b>
Cash and cash equivalents	15,401	632	(174)	<b>15,859</b>
<b>Total funds</b>	<b>15,401</b>	<b>632</b>	<b>(174)</b>	<b>15,859</b>
Lease liabilities	(5,122)	1,091	166	<b>(3,865)</b>
<b>Total debt</b>	<b>(5,122)</b>	<b>1,091</b>	<b>166</b>	<b>(3,865)</b>
<b>Net funds/(debts)</b>	<b>10,279</b>	<b>1,723</b>	<b>(8)</b>	<b>11,994</b>

## **7. Dividends**

A final dividend of 2.75p in respect of the year ended 31 January 2023 was paid on 11 August 2023 to the shareholders on the Company's register on 14 July 2023.

The Board is announcing a maintained interim dividend of 0.75p for the six months ended 31 July 2023 (H1 FY22: 0.75p), payable on 24 November 2023 to shareholders on the register on 20 October 2023. The ex-dividend date is 19 October 2023.

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