16 October 2024

SANDERSON DESIGN GROUP PLC

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

Interim Results for the six months ended 31 July 2024

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 2024.

Financial highlights

	Six months ended 31 July		% Change (reported)	Year ended 31 January
	2024 (H1 FY25)	2023 (H1 FY24)		2024 (FY24)
Revenue	**£50.5m**	£56.7m	(11%)	£108.6m
Adjusted underlying profit before tax*	**£2.2m**	£6.8m	(68%)	£12.2m
Adjusted underlying basic EPS*	**2.21p**	7.39p	(70%)	13.74p
Statutory profit before tax	**£1.5m**	£6.2m	(76%)	£10.4m
Statutory profit after tax	**£1.0m**	£4.7m	(78%)	£8.2m
Basic EPS	**1.46p**	6.58p	(78%)	11.46p
Net cash**	**£9.6m**	£15.9m	(40%)	£16.3m
Dividend per share	**0.50p**	0.75p	(33%)	3.5p

**excluding share-based incentives, defined benefit pension charge and non-underlying items as summarised in note 4b*
*** 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 £50.5m (H1 FY24: £56.7m), down 11% in reported currency (down 10% in constant currency), reflecting a challenging market in the UK and elsewhere whilst growth was delivered in North America
- Licensing performance was in line with Board expectations with revenue at £4.1m in reported currency against a strong comparator (H1 FY24: £6.9m) – full year licensing revenue remains on track to be approximately the same as last year's
- Brand product sales down 8.0% in reported currency (down 7.0% in constant currency) at £37.2m (H1 FY24: £40.3m), impacted by trading in the UK, down 14.0%
    - Positive performance from the strategic growth opportunity of North America, with sales up 4.0% in reported currency (up 6.0% in constant currency)
    - Strong sales of the Sanderson brand in North America and Northern Europe, up 29% and 8% respectively in reported currency (up 31% and 11% in constant currency)

- Third party manufacturing broadly similar to H1 last year at £9.2m (H1 FY24: £9.5m)
- Adjusted underlying profit before tax of £2.2m (H1 FY24: £6.8m), reflecting the significant licensing income in the comparator period and the impact of the challenging consumer environment on brand product sales
- Net cash of £9.6m at 31 July 2024 (31 July 2023: £15.9m; 31 January 2024: £16.3m)
    - Decrease in net cash includes a £2.3m one-off payment to facilitate an insurance buy-in transaction for one of the Group's pension schemes as announced on 19 June 2024 along with an inventory increase and one-off capital expenditure items
- Interim dividend of 0.50p per share reflecting the result in the period (H1 FY24: 0.75p), payable on 29 November 2024 to shareholders on the register on 25 October 2024. The ex-dividend date is 24 October 2024

Operational highlights

- Licensing agreements signed including two major renewals, with window coverings company Blinds 2go and rugmaker Brink & Campman, along with multiple other agreements with large retailers and category specialists
- Important collaboration signed with The Huntington museum in California in which the Group will launch wallpapers and fabrics based on unfinished work by William Morris
- Continued emphasis on the Group's US strategy:
    - Relationship with Kravet Inc. further strengthened with an agreement for Kravet Inc. to distribute the Scion brand
    - Increasing traction in US licensing agreements, including a newly signed agreement with Ruggable LLC for the Sanderson brand
    - Recent appointment of an SVP of sales
- Exciting product launches in the year to date include Sanderson's Giles Deacon collection, two collections from Morris & Co. and the recent launch of the Henry Holland x Harlequin collection

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

"We remain focused on the strategic growth opportunity of North America, on careful cost control and on implementing strategic changes to respond to market conditions and to position the Company for future growth. Licensing has continued to perform well with a number of new contracts signed in the current half including an agreement between Ruggable and the Sanderson brand and a two-year extension with Bedeck.

"Trading conditions at the start of the second half have been more challenging than expected in almost all territories particularly in the UK and Northern Europe. Total brand product sales for the first eight months of the current financial year are -10%, which compares with -9% for the first 22 weeks of the financial year as announced on 27 June 2024. Delivery of the Board's expectations is reliant on a projected improvement in trading during the remainder of the financial year, which includes our important pre-Christmas selling period."

Analyst meeting and webcast

A meeting for analysts and institutional investors will be held at 9.30 a.m. today, 16 October 2024, at the offices of Buchanan, 107 Cheapside, London EC2V 6DN. For details, please contact Buchanan at SDG@buchanan.uk.com.

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

https://webcasting.buchanan.uk.com/broadcast/6698dc6836704318d5bd2fdf

A replay 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 580 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.

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 2024 reflect the challenging consumer environment in the UK and other geographies with the reduced volume of sales impacting profitability against a strong comparator that includes two of the largest licensing deals in the Company's history. During the half year, the Company has continued to pursue its strategy of focusing on the strategic growth market of North America, on cost control and on evolving its business model for future growth.

Costs in the business were kept tightly under control in the first half offsetting inflationary pressures, particularly wage increases which have averaged 7% a year during the past two years. An initiative to deliver a more efficient sales model in the UK was completed by the half year end, achieving annualised savings of approximately £0.6m of which £0.3m will be delivered in the current financial year.

Group sales in the six-month period were down 11% in reported currency, down 10% in constant currency, at £50.5m (H1 FY24: £56.7m) reflecting the challenging consumer environment impacting brand product and manufacturing sales along with the two large licensing deals in the comparator period (which contributed to accelerated revenue in H1 FY24 of £4.9m).

Our licensing segment performed in line with Board expectations during the first half year with revenue down 40% at £4.1m (H1 FY24: £6.9m), including accelerated income of £2.7m (H1 FY24: £5.0m) from new and renewed licensing agreements signed in the half year. These agreements include two major renewals, with window coverings company Blinds2go and rugmaker Brink & Campman, which together represent accelerated income of approximately £2.0m. In total, more than 10 licensing agreements were signed in the first half with both large retailers and category specialists.

New licensees include Zara Home with Morris & Co. for a capsule bedding collection, which launches in January next year for Spring/Summer 2025, Swyft Home for the Morris & Co. brand on sofas and other furniture, and Pottery Barn Kids, part of US retailer Williams Sonoma, for a wide range of Morris & Co. children's homewares and other products. These agreements underline the continued appeal of the Morris & Co. brand for licensed product whilst the first products from a new agreement signed in the first half with John Lewis Partnership for the Sanderson brand, covering a wide range of John Lewis branded homewares, are expected to launch in Spring 2025.

Sangetsu in Japan delivered a strong performance in the first half following its launch last year of its Morris & Co. collections. Licensing revenue is also beginning to gain traction in North America.

We continue in discussions in connection with other licence opportunities and the Board remains confident that full year licensing revenue remains on track to be approximately the same as last year.

In addition to out-licensing activities, we have continued to pursue collaboration opportunities. A particularly exciting collaboration was signed in March 2024 with The Huntington Library, Art Museum, and Botanical Gardens ("The Huntington"), a renowned education and research institution in San Marino, California, with a vast archive of William Morris's work, including textiles, wallpapers, tapestries, books and other items. The archive includes more than 50 unfinished designs which the Company is bringing to life and will begin to launch from September 2025, marking a hugely important moment for William Morris devotees and a significant opportunity for the Company.

Our strategic segment of North America showed growth of 4.0% in reported currency, 6.0% in constant currency, at £11.1m (H1 FY24: £10.7m) as we continue to build our presence in the important US market. A senior vice president of sales was recently appointed in the US in a newly created role to drive sales growth. The Sanderson brand has performed particularly well in the US with sales up 31% in constant currency in the first half driven by enhanced brand awareness with the Layers of Legacy campaign, last year's Disney Home and the Giles Deacon collaboration.

The difficult consumer environment in the UK led to domestic brand product sales being down 14.0% at £16.7m and we have continued to focus on aligning the business to lower volumes, both in brand products and manufacturing, mitigating inflationary pressures, while making every effort to support our customers through this challenging business environment.

Trading in Northern Europe was difficult overall, though Scandinavia, historically a strong market for the Company, performed well. Brand product sales in Northern Europe were down 6.0% in reported currency, down 2.0% in constant currency, at £4.8m. Trading in the Rest of the World was down 9% in reported and constant currency at £4.6m with a positive performance in Spain being offset by difficult trading elsewhere.

The Group's net cash balances were £9.6m at 31 July 2024 (31 July 2023: £15.9m, 31 January 2024: £16.3m) with the strength of our balance sheet protecting the business during the current macro-economic environment. The decrease in net cash includes a £2.3m cash payment announced on 19 June 2024 enabling the transfer to an insurer of the liabilities of the Company's Abaris Holdings Limited Pension Scheme along with one-off capital expenditure items and a £0.5m inventory build, which is the result of lower than planned sales.

Sustainability

Live Beautiful 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.

We received Year 6 Planet Mark certification earlier this year for reporting a reduction in carbon footprint and engaging with stakeholders. We remain on track to achieve ZeroBy30 through the move to digital printing, investing in a new steamer at Standfast & Barracks and adapting working patterns along with other energy efficiency initiatives.

During this year, we have further developed our Work Beautiful strategy, which is based on building the capabilities of our team and providing the required infrastructure to enable us to build a successful business where talent prospers, creativity flourishes and individuals grow.

We have continued to work closely with partners including the Queen Elizabeth Scholarship Trust and the Royal Warrant Holders Association as well as pursuing product re-use and repurposing projects and nature and wildlife initiatives.

OPERATIONAL REVIEW

The table below shows the Group's sales performance in the six months ended 31 July 2024 (H1 FY25), compared with H1 FY24.

	Six months ended 31 July (£m)		**Change (%)**	
	2024 (H1 FY25)	2023 (H1 FY24)	Reported	Constant currency
Brand product				
UK	**16.7**	19.5	(14.0%)	(14.0%)
North America	**11.1**	10.7	4.0%	6.0%
Northern Europe	**4.8**	5.1	(6.0%)	(2.0%)
Rest of the World	**4.6**	5.0	(9.0)%	(9.0%)
Total Brand product revenue	**37.2**	40.3	(8.0%)	(7.0%)
Manufacturing*				
External	**9.2**	9.5	(2.0%)	-
Internal	**8.0**	7.6	6.0%	-
Total Manufacturing revenue	**17.2**	17.1	1.0%	-
Licensing*				
Total Licensing revenue	**4.1**	6.9	(40.0)%	-
*Intercompany eliminations**	**(8.0)**	(7.6)	(6.0%)	-
TOTAL REVENUE	**50.5**	56.7	(11.0%)	(10.0%)

**does not report in constant exchange rate*

The Brands

The Brands segment comprises the international sales of Clarke & Clarke, Harlequin, Morris & Co., Sanderson, Scion and Zoffany.

Clarke & Clarke

Clarke & Clarke is the Company's biggest selling brand. Its sales in the half year were £10.6m, a decrease of 9% in reported and 8% in constant currency compared with the first half last year. The focus is on building awareness of the brand in the USA through collaborations, such as the successful collaboration with Breegan Jane, a designer and influencer with a strong following on social media, and on building the wallpaper offering in the USA from a low base.

Harlequin

Harlequin, similarly, is a predominantly UK brand and its sales in the half year were £6.2m, a decrease of 13% in reported currency and in constant currency, compared with the first half last year. The Harlequin x Henry Holland collection was launched in August 2024 and this textural capsule collection from a renowned designer and tastemaker has been well received. A roadshow last month with Henry Holland in the USA has increased visibility of the brand in North America and resulted in an enthusiastic initial response and high levels of sampling.

Morris & Co.

Morris & Co. is our second biggest selling brand in terms of brand product volume, and it continues to attract substantial licensing income. Morris & Co.'s brand product sales in the first half were broadly unchanged at £9.2m (H1 FY24: £9.4m). The brand had two collection launches in the first half, Bedford Park and Morris & Friends, both of which have been well received. The brand continues to perform well in the US and has an exciting pipeline of brand product and licensed product launches including The Huntington collaboration mentioned earlier.

Sanderson

The Sanderson brand reported growth in the first half with sales of £7.0m, up 1% in reported currency and 3% in constant currency compared with the first half last year. The launch of the Sanderson capsule collaboration with Giles Deacon was highly successful and continues to gain traction, particularly in the US. Sales of the Sanderson brand are up strongly in North America and Northern Europe, up 31% and 11% respectively in constant currency, responding to the strategic emphasis on driving the brand's growth. The wallpapers and fabrics in the Disney Home x Sanderson collection are selling well and licensed products based on the designs have already been launched with John Lewis Partnership selling cushions and a range for children's rooms. The Disney Home x Sanderson collection with H&M Home is expected to launch later this year.

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. Sales in the half year were broadly similar to the first half last year at £0.6m (H1 FY24: £0.7m). As recently announced, Scion wallpapers and fabrics are now distributed exclusively in the USA by Kravet Inc., benefiting from Kravet Inc.'s new initiative to showcase smaller boutique lines throughout its showroom network.

Zoffany

Zoffany, our high-end luxury brand, had sales in the first half of £3.5m, down 21% in reported currency and down 19% in constant currency compared with the first half last year. This reflects a major residential project in the USA in the prior year The pipeline of contract projects in the USA is strong and we expect some conversion in the current half year.

Manufacturing

Our Manufacturing segment forms a core part of our value proposition as an integrated design company that showcases British creativity and craft. We benefit from the full range of printing techniques with the share of digital printing rising significantly, now over 50%, and creating new opportunities for the business. We continue to consider the optimal shape of our manufacturing operations with the dual objectives of delivering a highly efficient business segment for the Group and the ideal partner for our industry.

During the half year, third party manufacturing at £9.2m was down 2.0% compared with the first half last year owing to a lower level of repeat orders as a result of the UK consumer environment.

At Anstey, our wallpaper factory, the percentage of digital wallpaper printing compared with traditional techniques decreased to 19% of the factory's output during the first half (H1 FY24: 22%) and is currently running at about 27%. Digital printing at Standfast, our fabric printing factory, represented 78% of the factory's output during the first half (H1 FY23: 76%).

Current order intake remains encouraging, particularly from US customers

STRATEGY UPDATE

As previously communicated, the Company is accelerating its programme of strategic initiatives to address trading conditions in the UK and position the Group for growth. These initiatives are summarised below.

- A review started earlier this year of the cost-to-serve in the UK with the objective of delivering a more efficient sales model was completed in July with a reduction of 13 roles. The new sales team is in place with renewed energy and service propositions to benefit the changing customer profile with more remote and fewer field roles. This initiative achieved annualised savings of approximately £0.6m of which £0.3m will be delivered in the current financial year.

- As the proportion of printing moves towards digital, we are identifying opportunities to make manufacturing more efficient by reducing lead times and reducing minimum quantities and transferring Group brands from conventional to digital printing where appropriate. As technology continues to develop, we are confident further efficiencies will be realised.

- Owing to the changing way that our customers and consumers are buying products, along with the challenges for traditional channels in the current economic environment, we are introducing an omnichannel solution as part of the digital transformation of the business. An example of this is Morris & Co.'s online shop, which is now live at https://www.wmorrisandco.com/uk/. Initial reaction to the site, which sells a comprehensive range of Morris & Co. brand and licensed product and also offers a readymade service, has been encouraging.

Whilst early progress has been made, we will report further as these strategic initiatives progress. At the same time, we have exercised rigorous cost control including a reduction in capital expenditure and discretionary spend. We recently signed an agreement to move to a smaller, ground floor showroom at the Design Centre Chelsea Harbour, which will both save cost and enable us to benefit from greater visibility and footfall.

CURRENT TRADING AND OUTLOOK

We remain focused on the strategic growth opportunity of North America, on careful cost control and on implementing strategic changes to respond to market conditions and to position the Company for future growth. Licensing has continued to perform well with a number of new contracts signed in the current half including an agreement between Ruggable and the Sanderson brand and a two-year extension with Bedeck.

Trading conditions at the start of the second half have been more challenging than expected in almost all territories particularly in the UK and Northern Europe. Total brand product sales for the first eight months of the current financial year are -10%, which compares with -9% for the first 22 weeks of the financial year as announced on 27 June 2024. Delivery of the Board's expectations is reliant on a projected improvement in trading during the remainder of the financial year, which includes our important pre-Christmas selling period.

CHIEF FINANCIAL OFFICER’S REVIEW

Key financial indicators

We measure and monitor key performance and financial indicators across the Group.

	Six months ended 31 July	
	2024	2023
Revenue (£m)	**50.5**	56.7
Profit before tax (£m)	**1.5**	6.2
Profit before tax (%)	**2.9%**	10.9%
Basic earnings per share (pence)	**1.46p**	6.58p
Adjusted underlying profit before tax* (£m)	**2.2**	6.8
Adjusted underlying profit before tax* (%)	**4.3%**	12.0%
Adjusted underlying basic earnings per share* (pence)	**2.21p**	7.39p
Net cash (£m)	**9.6**	15.9
Inventory (£m)	**27.2**	26.2
Capital expenditure (£m)	**2.6**	1.6

Revenue

Reported revenue for the six months ended 31 July 2024 was £50.5m compared with £56.7m in H1 FY24.

	Six months ended 31 July (£m)		
Revenue	**2024**	2023	Change
Brand Product	**37.2**	40.3	(8.0%)
Manufacturing – External	**9.2**	9.5	(2.0%)
Licensing	**4.1**	6.9	(40.0%)
Group	**50.5**	56.7	(11.0%)

Brand product revenue in the first half was impacted by the challenging UK market, which represents approximately 45% of sales. Revenues in our home territory were 14% down year-on-year. Performance continues to be better in the targeted growth market of North America with sales up 6% in constant currency (4% in reported currency).

Third-party manufacturing at £9.2m was 2% lower than the same period last year, primarily reflecting reduced demand for repeat orders from customers operating in the subdued UK consumer environment.

Licensing revenue declined to £4.1m, compared with £6.9m in the same period last year. This is heavily impacted by an exceptional performance in the prior year when two major licensing deals, with NEXT and Sainsbury’s, contributed to accelerated income of £4.9m in H1 FY24. This year accelerated income of £2.7m reflects the signing of new licensees along with renewals and extensions including those with window coverings company Blinds2go and rugmaker Brink & Campman which together represent accelerated income of approximately £2.0m.

Gross profit

Gross profit for the period was £34.8m compared with £38.5m in H1 FY24 whilst the gross profit margin at 68.9% represents an increase of 100 basis points over H1 FY24. Excluding the impact of licence income, which generates 100% gross profit, margins improved by 270 basis points to 66.1% for the period against 63.4% in H1 FY24.

	Six months ended 31 July

	2024	2023
Brands and Manufacturing		
Revenue (£m)	**46.4**	49.8
Gross profit (£m)	**30.7**	31.6
%	**66.1%**	63.4%
Licensing		
Revenue (£m)	**4.1**	6.9
Gross profit (£m)	**4.1**	6.9
%	**100%**	100%
Total		
Revenue (£m)	**50.5**	56.7
Gross profit (£m)	**34.8**	38.5
%	**68.9%**	67.9%

Within the Brands division gross margin improvement reflects a lower level of clearance activity undertaken compared with last year, a shift in market mix towards the higher margin territory of North America and significantly reduced sales of lower margin homeware products – with Clarke and Clarke now sold under licence with Next.

Within our manufacturing division, gross margins have remained largely in line with H1 FY24. Improved performance at our Anstey wallpaper facility following the restructuring announced at year-end has been offset by weaker performance at our Standfast & Barracks fabric factory which has experienced increased utility prices following the end of our favourable gas contract which expired in October 2023.

Profit before tax

Profit before tax for the period was £1.5m, down from £6.2m in H1 FY24. The result was significantly impacted by the £2.8m reduction in H1 licensing revenue noted above and the reduction in Brand Product revenue.

	Six months ended 31 July (£m)	
	2024	2023
Revenue	**50.5**	56.7
Gross profit	**34.8**	38.5
Distribution and selling expenses	**(14.5)**	(12.8)
Administration expenses	**(22.3)**	(22.1)
Other operating income	**3.1**	2.4
Finance income – net	**0.4**	0.2
Profit before tax	**1.5**	6.2

Distribution and selling expenses increased by £1.7m compared with H1 FY24. Given the timing of our product launch schedules, patterning and sampling costs in H1 FY25 have been higher by £1.7m versus H1 FY24 although this was partially offset by a £0.7m increase in patterning revenues reported as other operating income.

Administration expenses grew slightly by £0.2m compared with H1 FY24 entirely down to the restructuring and reorganisation of the UK sales support function (which is eliminated in arriving at adjusted underlying profit before tax). We continue to be impacted by increases in the Real Living Wage which has seen our average salary grow 7% a year during the past two years. We have continued to implement cost efficiency measures to minimise the impact of this increase.

Adjusted underlying profit before tax

The adjusted underlying profit before tax was £2.2m, down from £6.8m in H1 FY24.

	Six months ended 31 July (£m)	
	2024	2023
Statutory profit before tax	**1.5**	6.2
Amortisation of acquired intangible assets	**0.1**	0.1
Restructuring and reorganisation costs	**0.3**	0.1
Total non-underlying charge included in statutory profit before tax	**0.4**	0.2
Underlying profit before tax	**1.9**	6.4
Share-based payment charge	**0.1**	0.2
Defined benefit pension charge	**0.2**	0.2
Adjusted underlying profit before tax	**2.2**	6.8

In calculating the adjusted underlying profit before tax, the Group excludes material non-recurring items or items considered to be non-operational in nature and that do not relate to the operating activities of the Group. Share-based payment charges are excluded as they are a non-cash measure.

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

Non-underlying items in the year of £0.4m (H1 FY24: £0.2m) refer to the amortisation of intangible assets in respect of the acquisition of Clarke & Clarke in October 2016 of £0.1m (H1 FY24: £0.1m) and the restructuring and reorganisation of the UK sales and sales support function of £0.3m (H1 FY24: £0.1m. Please refer to note 4(b) to the financial statements for further details of the adjusted underlying profit before tax.

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 29.9% (H1 FY24: 23.7%) as a result of permanent differences such as ineligible depreciation and share-based payment charges.

Capital expenditure

Capital expenditure in the period totalled £2.6m (H1 FY24: £1.6m). Key expenditure in the period included continued investment at Standfast and Barracks (including a new digital pigment printer) and the fitting out of the Group's new head office and archive at Voysey House.

Minimum guaranteed licensing receivables

In accordance with IFRS 15, the Group recognises the fair value of fixed minimum guaranteed income that arises under multi-year licensing agreements, in full upon signature of the agreement, provided there are no further performance conditions for the Group to fulfil. A corresponding receivable balance is generated which then reduces as payments are received from the licence partner in accordance with the performance obligations laid down in the agreement (usually the passing of time). Licensing revenues above the fixed minimum guaranteed amount are recognised in the period in which they are generated.

During the first half of FY25, the group recognised £2.7m of accelerated licencing income. Despite cash inflows from agreements signed in previous periods, on 31 July 2024, minimum guaranteed licensing receivables had grown with the amount due after more than one year at £8.5m (year-end 31 January 2024: £7.3m; H1 FY24: £6.9m) and those due within one year grew to £2.7m (year-end 31 January 2024: £2.1m; H1 FY24: £1.5m).

Inventories

Net inventories of £27.2m were higher than both H1 FY24 of £26.2m and year-end 31 January 2024 of £26.7m.

Lower than planned Brand Product sales and reduced production volumes in our factories has meant that inventories remain above their optimum level, and this will be an area of focus for us in the remainder of FY25.

Trade and other receivables

Net trade and other receivables increased to £15.6m against the year-end 31 January 2024 of £14.0m. The majority of the balance relates to trade receivables (H1 FY25: £11.3m, year-end 31 January 2024: £10.8m).

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

The aging profile of trade debtors shows that most customers are close to terms although the wider economy presents an enhanced level of credit risk. In addition to specific provisions against individual receivables, a provision has been made of £0.6m (year-end 31 January 2024: £0.6m) which is a collective assessment of the risk against non-specific receivables calculated in accordance with IFRS9.

Other receivables (including prepayments) were £4.7m versus £3.2m at 31 January 2024 due to a number of annual costs relating to Insurance and IT licences being invoiced early in the Group's financial year.

Cash position and banking facilities

Net cash used in operating activities was £3.3m (H1 FY24: net cash from operating activities: £3.5m).

The principal drivers for the year-on-year decline include a lower level of Profit from Operations, working capital movements and a £2.1m increase in pension contributions (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. This facility has not been drawn during the period.

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.

During the period, the Group has made a one-off contribution of £2.3m to the Abaris Holdings Pension Scheme to support a Trustee decision to transfer all of 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 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.

Contributions to the Walker Greenbank Pension Plan will continue based on the deficit contribution schedules previously agreed with the schemes' trustees.

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 £1.1m on 31 July 2024 compared with a £0.9m net liability on 31 January 2024.

Dividend

A final dividend of 2.75p in respect of the year ended 31 January 2024 was paid on 9 August 2024 to the shareholders on the Company's register on 12 July 2024.

The Board is announcing an interim dividend, reflective of the result achieved in the period, of 0.50p for the six months ended 31 July 2024 (H1 FY24: 0.75p), payable on 29 November 2024 to shareholders on the register on 25 October 2024. The ex-dividend date is 24 October 2024.

Capital allocation policy

Capital investment required in the coming years will be focused on boosting our digital printing capacity in both our factories whilst also investing in improved systems to improve our customer service proposition. Our forward expenditure programme is closely aligned to our Live Beautiful strategy with capital maintenance projects only being approved if they can be proven to support us on our journey to ZeroBy30.

We remain committed to retaining a strong balance sheet and acknowledge that we have two defined benefit pension plans we are committed to supporting. As noted above, we have taken steps to reduce the risk of one of the schemes and will continue to look at whether there are appropriate actions which could be taken to help reduce the risk of the Walker Greenbank Pension 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 interim financial statements. Further details of the review are disclosed in note 1 to the interim financial statements.

Unaudited Consolidated Income Statement

For the six months ended 31 July 2024

	Note	**6 months to 31 July 2024 £000**	6 months to 31 July 2023 £000
Revenue	2	**50,547**	56,689
Cost of sales		**(15,736)**	(18,198)
Gross profit		**34,811**	38,491
Net operating (expenses)/income:			
Distribution and selling expenses		**(14,534)**	(12,820)
Administration expenses		**(22,343)**	(22,079)
Other operating income		**3,106**	2,363
Profit from operations	2	**1,040**	5,955
Finance income		***582***	*345*
Finance costs		***(131)***	*(148)*
Net finance income		**451**	**197**
Profit before tax		**1,491**	6,152
Tax expense	3	**(446)**	(1,453)
Profit for the period attributable to owners of the parent		**1,045**	4,699
Earnings per share – Basic	4	**1.46**	6.58
Earnings per share – Diluted	4	**1.45**	6.52
Adjusted earnings per share – Basic*	4	**2.21**	7.39
Adjusted earnings per share – Diluted*	4	**2.20**	7.33

* *These are alternative performance measures.*

All of the activities of the Group are continuing operations.

Unaudited Consolidated Statement of Comprehensive Income

For the six months ended 31 July 2024

	6 months to 31 July 2024 £000	6 months to 31 July 2023 £000
Profit for the period	**1,045**	4,699
Other comprehensive (expense)/income:		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension schemes	**(1,024)**	121
Deferred tax charge relating to pension scheme liabilities	**(504)**	(30)
Corporation tax credit relating to pension scheme contributions	**811**	–
Investment-related defined benefit pension costs	**(201)**	–
Cash flow hedge	**7**	(61)
Total items that will not be reclassified to profit or loss	**(911)**	30
Items that may be reclassified subsequently to profit or loss		
Currency translation losses	**(35)**	(251)
Other comprehensive expense for the period, net of tax	**(946)**	(221)
Total comprehensive income for the period attributable to the owners of the parent	**99**	4,478

Unaudited Consolidated Balance Sheet

As at 31 July 2024

	31 July 2024 £000	31 January 2024 £000
Non-current assets		
Intangible assets	**26,896**	26,695
Property, plant and equipment	**13,248**	12,444
Right-of-use assets	**11,134**	4,986
Retirement benefit surplus	**1,120**	–
Minimum guaranteed licensing receivables	**8,530**	7,304
	60,928	51,429
Current assets		
Inventories	**27,228**	26,706
Trade and other receivables	**15,598**	13,996
Minimum guaranteed licensing receivables	**2,676**	2,144
Corporation tax debtor	**248**	–
Financial derivative instruments	**33**	26
Cash and cash equivalents	**9,556**	16,342
	55,339	59,214
Total assets	**116,267**	110,643
Current liabilities		
Trade and other payables	**(14,645)**	(14,077)
Corporation tax payable	–	(806)
Lease liabilities	**(1,646)**	(1,450)
Provision for liabilities and charges	**(502)**	(1,437)
	(16,793)	(17,770)
Net current assets	**38,546**	41,444
Non-current liabilities		
Lease liabilities	**(9,978)**	(3,696)
Deferred income tax liabilities	**(2,143)**	(1,747)
Retirement benefit obligations	**–**	(897)
Provision for liabilities and charges	**(650)**	–
	(12,771)	(6,340)
Total liabilities	**(29,564)**	(24,110)
Net assets	**86,703**	86,533
Equity		
Share capital	**718**	717
Share premium account	**18,682**	18,682
Retained earnings	**27,600**	27,396
Other reserves	**39,703**	39,738
Total equity	**86,703**	86,533

Unaudited Consolidated Cash Flow Statement

For the six months ended 31 July 2024

	6 months to 31 July 2024 £000	6 months to 31 July 2023 £000
Cash flows from operating activities		
Profit from operations	**1,040**	5,955
Intangible asset amortisation	**388**	368
Property, plant and equipment depreciation	**1,150**	1,164
Right-of-use asset depreciation	**1,249**	1,167
Share-based payment charge	**65**	181
Defined benefit pension charge	**185**	164
Employer contributions to pension schemes	**(3,412)**	(1,355)
(Increase)/decrease in inventories	**(522)**	1,526
(Increase)/decrease in trade and other receivables	**(1,617)**	475
Increase in minimum guaranteed licensing receivables	**(1,325)**	(4,042)
Increase/(decrease) in trade and other payables	**592**	(1,829)
(Decrease)/increase in provision for liabilities and charges	**(285)**	100
Tax paid	**(823)**	(418)
Net cash (used in)/from operating activities	**(3,315)**	3,456
Cash flows from investing activities		
Finance income received	**134**	80
Purchase of intangible assets	**(589)**	(219)
Purchase of property, plant and equipment	**(1,962)**	(1,404)
Net cash used in investing activities	**(2,417)**	(1,543)
Cash flows from financing activities		
Repayment of lease liabilities	**(1,047)**	(1,281)
Interest paid	**(14)**	–
Net cash used in financing activities	**(1,061)**	(1,281)
Net (decrease)/increase in cash and cash equivalents	**(6,793)**	632
Net foreign exchange movement	**7**	(174)
Cash and cash equivalents at beginning of period	**16,342**	15,401
Cash and cash equivalents at end of period	**9,556**	15,859

Unaudited Consolidated Statement Of Changes in Equity

For the six months ended 31 July 2024

	Attributable to owners of the parent				
	Share capital £000	Share premium account £000	Retained earnings £000	Other reserves* £000	Total equity £000
Balance at 1 February 2023	715	18,682	21,779	40,140	81,316
Profit for the period	–	–	4,699	–	4,699
Other comprehensive income/(expense):					
Remeasurements of defined benefit pension schemes	–	–	121	–	121
Deferred tax charge relating to pension scheme assets	–	–	(30)	–	(30)
Cash flow hedge	–	–	(61)	–	(61)
Currency translation losses	–	–	–	(251)	(251)
Total comprehensive income	–	–	4,729	(251)	4,478
Transactions with owners, recognised directly in equity:					
Share-based payment equity charge	–	–	181	–	181
Related tax movements on share-based payment	–	–	(76)	–	(76)
Balance at 1 August 2023	715	18,682	26,613	39,889	85,899
Profit for the period	–	–	3,498	–	3,498
Other comprehensive income/(expense):					
Remeasurements of defined benefit pension schemes	–	–	(237)	–	(237)
Deferred tax charge relating to pension scheme liabilities	–	–	(374)	–	(374)
Corporation tax credit relating to pension scheme contributions	–	–	399	–	399
Investment-related defined benefit pension costs	–	–	(218)	–	(218)
Cash flow hedge	–	–	(25)	–	(25)
Currency translation losses	–	–	–	(151)	(151)
Total comprehensive income	–	–	3,043	(151)	2,892
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	–	–	241	–	241
Related tax movements on share-based payment	–	–	2	–	2
Balance at 31 January 2024	717	18,682	27,396	39,738	86,533

**other reserves represent capital reserve, merger reserve and foreign currency translation reserve*

Unaudited Consolidated Statement Of Changes in Equity

For the six months ended 31 July 2024

	Attributable to owners of the parent				
	Share capital £000	Share premium account £000	Retained earnings £000	Other reserves * £000	Total equity £000
Balance at 1 February 2024	717	18,682	27,396	39,738	86,533
Profit for the period	–	–	1,045	–	1,045
Other comprehensive income/(expense):					
Remeasurements of defined benefit pension schemes	–	–	(1,024)	–	(1,024)
Investment-related defined benefit pension costs	–	–	(201)	–	(201)
Deferred tax charge relating to pension scheme liabilities	–	–	(504)	–	(504)
Corporation tax credit relating to pension scheme contributions	–	–	811	–	811
Cash flow hedge	–	–	7	–	7
Currency translation differences	–	–	–	(35)	(35)
Total comprehensive income/(expense)	–	–	134	(35)	99
Transactions with owners, recognised directly in equity:					
Issuance of share capital for share-based payment vesting	1	–	(1)	–	–
Share-based payment equity charge	–	–	94	–	94
Related tax movements on share-based payment	–	–	(23)	–	(23)
Balance at 31 July 2024	**718**	**18,682**	**27,600**	**39,703**	**86,703**

**other reserves represent capital reserve, merger reserve and foreign currency translation reserve*

Notes to the Consolidated Financial Statements

1. Basis of preparation

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 2025.

The accounting policies adopted in the preparation of these interim financial statements to 31 July 2024 are consistent with the accounting policies applied by the Group in its Annual Report and Accounts for the year ended, 31 January 2024.

The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 January 2024 prepared in accordance with UK adopted International Accounting Standards. All comparative information is for the six-month period ended 31 July 2024, except for the Balance Sheet information which is as at 31 January 2024.

No new standards and interpretations issued and effective for the period 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 2024 is based on the statutory accounts for the financial year ended 31 January 2024, 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 2024 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 2024 – going concern assessment which is explained in further detail below, retirement benefit pension obligations, impairment of non-financial assets and absorption of overhead into inventory.

Going concern

In the context of the continuing economic and political uncertainties, the Board of Sanderson Design Group PLC has undertaken an assessment of the ability of the Group and Company to continue in operation and meet its liabilities as they fall due over the period of its assessment. In doing so, the Board considered events throughout the period of their assessment from the date of signing of the report to 31 January 2026, including the availability and maturity profile of the Group's financing facilities and covenant compliance. These 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 £10.0m (31 January 2024: £10.0m) Revolving Credit Facility ('RCF') which is linked to two covenants and was renewed on 1 February 2024. These covenants are tested quarterly at 30 April, 31 July, 31 October and 31 January each year until the facility matures on 31 January 2029. Throughout the financial period and up to the date of this report, the Company has met all required covenant tests and maintained headroom of over £5.0m (31 January 2024: £5.0m). The total headroom of the Group at 31 July 2024 was £19.6m (31 January 2024: £26.3m), including cash and cash equivalents of £9.6m (31 January 2024: £16.3m) and the committed facility of £10.0m (31 January 2024: £10.0m). The Group has access to an uncommitted accordion facility of £7.5m (31 January 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 high interest rates) and a lack of consumer confidence (with the pending general election in the US and the upcoming Chancellor's budget in the UK). These scenarios indicate that the Group retains adequate headroom against its borrowing facilities and bank covenants for the foreseeable future.

The actual results which will be reported will be undoubtedly different from the MBC and other scenarios modelled by the Group. If there are significant negative variations from the MBC, management would act decisively, as they have done in recent years, to protect the business, particularly its cash position. Having considered all the comments above, the Directors consider that the Group and the Company have adequate resources to continue trading for the foreseeable future and will be able to continue operating as a going concern for a period of at least 15 months from the date of approval of the interim financial statements. For this reason, they continue to adopt the going concern basis in preparing the interim 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 2024. Information on the principal risks can be found on page 43 to 47 of the Group’s 2024 Annual Report and Accounts on 31 January 2024 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. The Group has aligned its climate-related financial disclosures to the Climate-related Financial Disclosure Regulations 2022 (SI 2022/31) and reported climate-related risks and opportunities for the first time in the Group’s Annual Report and Accounts on 31 January 2024. There have been no changes in either the nature of the principal risks or risk management policies since the year end, however some of the risks have become heightened during the period.

Approval of interim financial statements
The Board approved the interim financial statements on 15 October 2024.

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 of Morris & Co., Sanderson, Zoffany, Clarke & Clarke, Harlequin and Scion brands.
- Licensing – comprising the licensing activities of Morris & Co., Sanderson, Zoffany, Clarke & Clarke, Harlequin and Scion brands. Licensing business formed part of the Brands business previously but is now segmented with its own revenue and profit stream to highlight its significance to the Group's strategy.
- Manufacturing – comprising the wallcovering and printed fabric manufacturing businesses operated by Anstey and Standfast & Barracks respectively.

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

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

Six months to 31 July 2024	Brands £000	Licensing £000	Manufacturing £000	Unallocated £000	Total £000
UK revenue	**16,737**	**2,207**	**5,761**	**–**	**24,705**
International revenue	**20,427**	**1,936**	**3,479**	**–**	**25,842**
Revenue – external	**37,164**	**4,143**	**9,240**	**–**	**50,547**
Revenue – internal	**–**	**–**	**8,016**	**(8,016)**	**–**
Total revenue	**37,164**	**4,143**	**17,256**	**(8,016)**	**50,547**
Profit/(loss) from operations before intercompany management charge	**(283)**	**4,143**	**(726)**	**(2,094)**	**1,040**
Profit/(loss) from operations	**(283)**	**4,143**	**(726)**	**(2,094)**	**1,040**
Net finance income/(expense)	**(103)**	**433**	**–**	**121**	**451**
Profit/(loss) before tax	**(386)**	**4,576**	**(726)**	**(1,973)**	**1,491**
Tax expense	**–**	**–**	**–**	**(446)**	**(446)**
Profit/(loss) for the period	**(386)**	**4,576**	**(726)**	**(2,419)**	**1,045**

Six months to 31 July 2023	Brands £000	Licensing £000	Manufacturing £000	Unallocated £000	Total £000
UK revenue	19,512	5,296	6,411	–	31,219
International revenue	20,769	1,654	3,047	–	25,470
Revenue – external	40,281	6,950	9,458	–	56,689
Revenue – internal	–	–	7,576	(7.576)	–
Total revenue	40,281	6,950	17,034	(7,576)	56,689
Profit/(loss) from operations before intercompany management charge	1,585	6,950	(485)	(2,095)	5,955
Profit/(loss) from operations	(444)	6,950	(485)	(66)	5,955
Net finance income/(costs)	(56)	264	–	(11)	197
Profit/(loss) before tax	(500)	7,214	(485)	(77)	6,152
Tax expense	–	–	–	(1,453)	(1,453)
Profit/(loss) for the period	(500)	7,214	(485)	(1,530)	4,699

b) Additional segmental revenue information

Brands revenue by geography	**6 months to 31 July 2024 £000**	6 months to 31 July 2023 £000
United Kingdom	**16,737**	19,512
North America	**11,071**	10,687
Northern Europe	**4,788**	5,083
Rest of the World	**4,568**	4,999
	37,164	40,281

Brands revenue by brand	**6 months to 31 July 2024 £000**	6 months to 31 July 2023 £000
Clarke & Clarke	**10,562**	11,576
Morris & Co.	**9,221**	9,357
Sanderson	**6,967**	6,887
Harlequin	**6,233**	7,185
Zoffany	**3,483**	4,433
Scion	**641**	697
Other brands	**57**	146
	37,164	40,281

Manufacturing revenue by division (including internal revenue)	**6 months to 31 July 2024 £000**	6 months to 31 July 2023 £000
Standfast & Barracks	**9,227**	8,900
Anstey	**8,029**	8,134
	17,256	17,034

3. Tax expense

	6 months to 31 July 2024 £000	6 months to 31 July 2023 £000
Corporation tax:		
– UK current tax	**(558)**	(1,029)
– UK adjustments in respect of prior period	**–**	(256)
– Overseas, current tax	**(21)**	(45)
Corporation tax	**(579)**	(1,330)
Deferred tax:		
– Current period	**133**	(339)
– Adjustments in respect of prior period	**–**	216
Deferred tax	**133**	(123)
Total tax charge for the period	**(446)**	(1,453)

4. Earnings per share

4. (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.

	6 months to 31 July 2024 £000			6 months to 31 July 2023 £000		
	Earnings £000	**Weighted average number of shares (000s)**	**Per share amount Pence**	Earnings £000	Weighted average number of shares (000s)	Per share amount Pence
Basic earnings per share	**1,045**	**71,785**	**1.46**	4,699	71,468	6.58
Effect of dilutive securities:						
Shares under share-based payment		**472**			592	
Diluted earnings per share	**1,045**	**72,257**	**1.45**	4,699	72,060	6.52
Adjusted underlying basic and diluted earnings per share:						
Add back share-based payment charge	**65**			183		
Add back defined benefit pension charge	**185**			164		
Add back non-underlying items (see below)	**439**			269		
Tax effect of non-underlying items and other add backs	**(147)**			(33)		
Adjusted underlying basic earnings per share	**1,587**	**71,785**	**2.21**	5,282	71,468	7.39
Adjusted underlying diluted earnings per share	**1,587**	**72,257**	**2.20**	5,282	72,060	7.33

4. (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.

	6 months to 31 July 2024 £000	6 months to 31 July 2023 £000
Statutory profit before tax	**1,491**	6,152
Amortisation of acquired intangible assets	**138**	138
Restructuring and reorganisation costs*	**301**	131
Total non-underlying charge included in statutory profit before tax	**439**	269
Underlying profit before tax	**1,930**	6,421
Share-based payment charge	**65**	183
Defined benefit pension charge	**185**	164
Adjusted underlying profit before tax	**2,180**	6,768

* *Restructuring and reorganisation costs of £301,000 (31 July 2023: £131,000). These relate to the rationalisation of certain Brands' operational and support functions during the financial period.*

5. Dividend

A final dividend of 2.75p in respect of the year ended 31 January 2024 was paid on 9 August 2024 to the shareholders on the Company's register on 12 July 2024.

The Board is announcing an interim dividend of 0.50p for the six months ended 31 July 2024 (H1 FY24: 0.75p), payable on 29 November 2024 to shareholders on the register on 25 October 2024. The ex-dividend date is 24 October 2024.