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Sanderson Group PLC - SND AGM Statement
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SANDERSON GROUP PLC

Annual General Meeting ('AGM') Statement

Sanderson Group plc ('Sanderson' or 'the Group'), the software and IT services business specialising in digital retail technology and enterprise software for businesses operating in the manufacturing, wholesale distribution and logistics sectors, will hold its AGM in Coventry at 11.00 am, today. At the AGM, Chairman, Christopher Winn, will make the following statement to shareholders:

"The Sanderson Group was expanded by the acquisition of the Anisa Group ('Anisa') in November 2017, almost two months into the current financial year ending 30 September 2018. The expanded Group is expected to have revenue in excess of £30 million, a high gross margin in the region of 80% and around 800 customers who are supported by over 300 skilled and specialist staff. Anisa has made a good start as part of Sanderson and the overall trading performance of the Sanderson Group is in line with management's expectations. Up to the end of January, four months into the new financial year, total Group revenues are approximately one-third ahead of the comparative four-month period to the end of January in 2017. Excluding Anisa, like-for-like Sanderson revenues are around 5% ahead and operating profit is approximately 10% ahead of the comparative results for the four-month period to the end of January 2017. The order book at 31 January is also strong and partly reflecting the large order gained in June 2017 (over half of which is yet to be fulfilled), the `like-for-like` order book is over 20% ahead of the level as at the end of January 2017.

The Board is committed to maintain a strong balance sheet and notwithstanding the acquisition of Anisa for cash and shares, the Group continues to hold net cash 'at bank'. The acquisition resulted in the issue of 3,990,653 consideration shares which represent 6.73% of the Group's current issued share capital of 59,326,321 ordinary shares. The Anisa directors hold 2,828,384 of these consideration shares representing 4.77% of the issued share capital of Sanderson and in turn, Mr David Renshaw, the Chief Executive of Anisa, owns 2,068,545 of these shares, representing 3.48% of Sanderson share capital. All of these consideration shares are subject to a three year lock-in expiring on 23 November 2020.

The Group's Digital Retail businesses which operate in continuing active markets have made a good start to the new financial year with both revenue and operating profit continuing to grow at double-digit rates. Whilst sales cycles continue to be long, a number of new customer prospects and continued strong levels of activity provide a good level of confidence going into the remaining eight months of the financial year.

The Sanderson Enterprise businesses have made a solid start and sales prospects are well ahead of last year, though sales cycles remain protracted. A new, innovative digital platform for the wholesale distribution market was announced at the beginning of the financial year. This has been very well received by existing and prospective new customers with overall interest ahead of expectations. We are excited about the future prospects in the wholesale distribution sector of the market.

Sanderson has a robust business model and with the acquisition of Anisa, the Group's pre-contracted recurring revenues now represent around 55% of total revenue. This recurring revenue stream results in more predictable cash generation which, in turn, supports the Board's progressive dividend policy. A recommended final dividend of 1.55 pence per share, for approval at today's AGM, will make a total dividend for last year's results of 2.65 pence per share, representing an increase of over 10% from the previous year (and an increase of 50% over the last three years, from the 1.8 pence paid for the year ending 30 September 2014). The Board remains cautious and conservative in its approach, but the good start made by Anisa, the strengthening and robust business model of Sanderson, the cash-backed balance sheet and the positive business momentum provide the Board with a good level of confidence that the Group will make continued progress in the current financial year ending 30 September 2018."

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