

## Regulatory Story

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**Sanderson Group PLC** - SND Pre-Close Trading Update  
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**SANDERSON GROUP PLC**

**Pre-close Trading Update**

"In line trading with strong order intake and revenue ahead of expectations"

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, issues the following trading update ahead of the announcement of its preliminary results for the year ended 30 September 2016, scheduled to be released on 30 November 2016.

The Group's trading results for the year ended 30 September 2016 ('year-end') are in line with market expectations in terms of profit whilst revenue is slightly ahead of expectations. Revenue has grown by 10% to now exceed £21 million (2015: £19.18 million) and adjusted operating profit (stated before the amortisation of acquisition-related intangibles, share-based payment charges and acquisition-related costs) has also increased by over 10% to approximately £3.69 million (2015: £3.30 million).

Sales order intake has grown to over £12 million (2015: £10.03 million) and has included over £3.8 million of business gained from new customers, nearly double the £2.0 million gained from new customers during the previous financial year ending 30 September 2015. Reflecting this sales success, the Group order book at 30 September 2016 stood at £3.0 million (2015: £2.35 million). Pre-contracted recurring revenues increased to £10.76 million (2015: £9.85 million) representing over 50% of total revenue.

The Group's net cash balance at 30 September 2016 was £4.30 million (30 September 2015: £4.61 million) reflecting the Group's continuing strong cash generation. This balance also included both the payment of deferred consideration of £1.6 million in respect of 2013 and 2014 acquisitions, as well as, total dividend payments in the year of £1.2 million.

**Digital Retail Division**

Digital Retail, which operates in very active and rapidly developing markets continued to make progress. Digital Retail's revenue, despite a slower first half year, finished the year strongly with revenues growing by approximately 8.5% to £6.40 million (2015: £5.86 million). Digital Retail gained a large new retail customer towards the end of the financial year, with the solution being rolled-out during the coming financial year ending 30 September 2017. The Group has made further investment in management, sales and delivery capacity in anticipation of continued rapid growth in the digital retail market with sales prospects remaining good.

**Enterprise Division**

As reported at the interim results stage, the Enterprise Division has benefited from increased investment in its sales and marketing capability over the last two years and has made further strong progress in the current financial year.

The Manufacturing business, very much driven by the food and drink processing sector, has gained over a £1.0 million of orders from new customers. The Group businesses which focus on the supply of solutions to the wholesale distribution and logistics sectors have also traded very well and have gained a record value of orders from new customers and overall divisional order intake was up by 50% over the prior year. The Enterprise Division enters the new financial year with a strong order book and good sales prospects.

The Board remains keen to enhance the strength of the Group by selective complementary acquisitions. A number of opportunities are currently under consideration. Management continue to adopt a careful and measured approach to acquisitions with the priority being focused on continuing to deliver shareholder value through achieving organic growth and 'on target' results, thereby ensuring higher earnings and dividend returns to shareholders.

Following the Brexit vote in June, the Group has not yet detected any loss of confidence from both existing customers and prospective customers, but is continuing to monitor the situation. Sanderson has a strong order book and together with a healthy balance sheet, strong reputation and track record in its markets, the Board is confident at this early stage of a new financial year that the Group should continue to make further progress during the year ending 30 September 2017.

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