



# Timeless Design

PORTMEIRION GROUP PLC

Report and Accounts for the year ended 31 December 2020

Stock code: PMP



Our vision is to be a leading force in the global homeware sector focused on growing our great brands. We aim to achieve this strategically through sustainable revenue growth and continued product development across our six established homeware brands.

Our Brands [pages 4 and 5](#) >

## Strategic Report

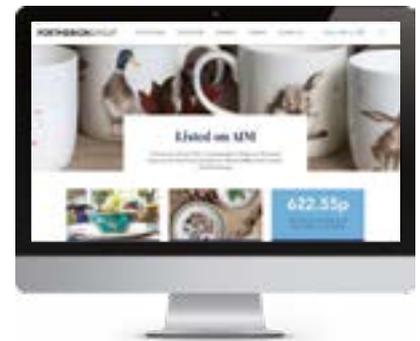
- [1](#) Headlines
- [2](#) At a Glance
- [4](#) Our Brands
- [6](#) Chairman's Statement
- [8](#) Chief Executive's Statement
- [12](#) Markets
- [14](#) Business Model
- [16](#) Our Strategy
- [18](#) Our Strategy in Action
- [20](#) Section 172 (1) Statement on the Discharge of Directors' Duties
- [21](#) Stakeholder Engagement
- [22](#) Risk Management
- [23](#) Principal Risks and Uncertainties
- [24](#) Financial Review
- [26](#) Key Performance Indicators
- [27](#) Going Concern and Outlook

## Corporate Governance

- [28](#) Board of Directors and Company Secretary
- [30](#) Corporate Governance Statement
- [35](#) Our Sustainability
- [40](#) Audit Committee Report
- [42](#) Nomination Committee Report
- [44](#) Directors' Remuneration Report
- [52](#) Report of the Directors
- [55](#) Statement of Directors' Responsibilities
- [56](#) Independent Auditor's Report

## Financial Statements

- [60](#) Consolidated Income Statement
- [61](#) Consolidated Statement of Comprehensive Income
- [62](#) Consolidated Balance Sheet
- [63](#) Company Balance Sheet
- [64](#) Consolidated Statement of Changes in Equity
- [65](#) Company Statement of Changes in Equity
- [66](#) Consolidated Statement of Cash Flows
- [67](#) Company Statement of Cash Flows
- [68](#) Notes to the Financial Statements
- [100](#) Five-year Summary
- [101](#) Company Information and Financial Calendar



Visit our website at  
[portmeiriongroup.com](http://portmeiriongroup.com)

Pictured on front cover (clockwise from top): Spode Blue Italian, Nambé Twist Vase, Spode Kingsley, Wax Lyrical Homescener and Portmeirion Botanic Garden Harmony.

Pictured above: Wax Lyrical, Made in England.

# Headlines

## Financial Headlines

- Full year results ahead of recently upgraded market expectations following a strong H2 trading performance and a return to profitability.
- Group revenue of £87.9 million for FY20 (2019: £92.8 million), a decrease of 5.3%, a resilient trading performance against the backdrop of enforced retail shutdown.
- Improved trading performance in H2 of 2020, with like-for-like sales down 5.8% on H2 2019 (H1 2020 against H1 2019: 20.4% decline).
- Significant increase in direct to consumer sales from online channels during the year – which remains a key area of strategic focus and investment. Sales from our own ecommerce platforms increased by 69% over 2019 and we estimate that approximately 47% of total sales in our core UK and US markets are now made via online channels (2019: 30%).
- Headline profit before tax<sup>(1)</sup> of £1.4 million (2019: £7.4 million).
- EBITDA of £5.1 million (2019: £11.4 million).
- No dividends paid or proposed for 2020 but expect to recommence dividend payments in 2021 assuming a return to normalised trading.
- Completed equity raise in June 2020 providing net proceeds of £11.2 million to:
  - accelerate online channel sales growth;
  - extend Wax Lyrical product lines;
  - build a more significant presence in Canada; and
  - invest in UK manufacturing efficiencies.
- Strong balance sheet maintained with net cash of £0.7 million (2019: net debt £12.3 million). Cash generative with net debt decreasing by £1.8 million during the year excluding the benefit of the equity raise in June.

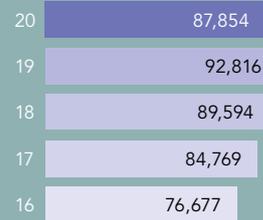
(1) Headline profit before tax and headline basic earnings per share exclude exceptional items – see note 6.

## Operational Headlines

- Substantial progress in our strategic objectives including strong growth in online and digital capabilities.
- Healthy and exciting pipeline of new products developed for launch globally in 2021 which we expect will contribute to sales growth across our key markets.
- Acquired additional 50% of share capital in Portmeirion Canada Inc. for £0.5 million in August 2020, to obtain 100% control, in order to leverage our existing US sales and online infrastructure to grow our presence in the Canadian market.
- Board strengthened with the appointment of two new Executive Directors and a new Non-executive Director to the Board in August 2020.
- Successful conversion of a Wax Lyrical manufacturing line to produce hand sanitiser for the NHS and other customers, leading to new hand and body care ranges to be launched in mid-2021.

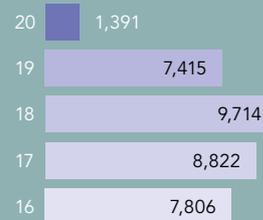
Revenue (£'000)

# £87,854



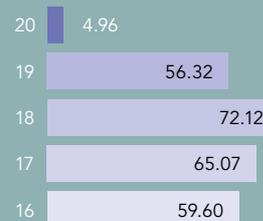
Headline profit before tax (£'000)

# £1,391



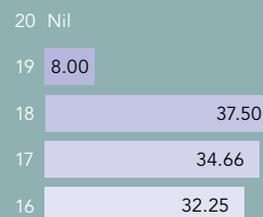
Headline basic EPS (p)

# 4.96p



Dividends paid and proposed per share (p)

# Nil



## At a Glance

# Driving profitable sales growth in our global brands



Pictured: Spode Creatures of Curiosity

## Who we are

Our vision is to be a leading force in the global homeware sector focused on growing our great brands. To achieve this, we aim for consistent sales growth through developing new channels including online, new geographies and through new product launches. At the same time we are focused on improving our operating efficiency and capabilities across the Group.

We have 850 valued employees and sell into over 70 countries around the world where our brands and products are enjoyed by millions of consumers.

## Our Brands

PORTMEIRION®

Spode®

[&]  
MAX LYFICAL

ROYAL  
WORCESTER®  
ESTABLISHED 1751

pimpernel.

nambe®  
DESIGN YOUR LIFE®

Business Model [pages 14 and 15](#) >

Our Sustainability [pages 35 to 39](#) >

## What we do

### Established sales channels

The Group sells into over 70 countries worldwide and has sales offices in the UK, US, Canada, Europe and the Far East.

We sell our product via UK and US websites and through a network of retail outlets, agents and distributors throughout the world. Due to the various lockdowns around the world in 2020 due to Covid-19, this further accelerated the shift of our retail sales to online channels and we estimate 47% of total sales in our core UK and US markets were made via an online platform whether our own ecommerce store, pureplay web stores or retailer websites.

We serve our customers from our warehouses in the UK, the US, Canada and China.

### Product design and development

The Group's key economic driver is its six global brands and the designs which underpin them. Collectively these brands have over 700 years of history, and some of our major homeware ranges are also brand names in their own right such as the classic Portmeirion Botanic Garden, which was first launched in 1972 and still sells in significant volume around the world today.

Design is key to our business model. We continue to develop, extend, refresh and refine our existing collections, as well as launching new ranges and products in order to retain and improve our customer appeal. Our design studios are the creative base for new product design and retaining the unique freshness of our existing ranges.

### Production and sourcing

We manufacture English earthenware from our factory in Stoke-on-Trent and home fragrance at our factory in the Lake District. We also source a range of product from around the world to the same exacting quality standards; this includes bone china and porcelain tableware, wood, glass and metal alloy giftware and other associated homeware products. In 2020, our mix of sales was 42% manufactured product and 58% sourced product.

The Group continues to invest in our manufacturing sites and have a number of capital expenditure projects underway to improve our efficiency and capabilities at our UK facilities. Our sites remain open in 2021 with Covid-19 secure working practices.



## Where we operate



### UNITED KINGDOM

**£31.8m** of sales, 36% of Group revenue

### UNITED STATES

**£33.5m** of sales, 38% of Group revenue

### SOUTH KOREA

**£13.1m** of sales, 15% of Group revenue

### REST OF THE WORLD

**£9.4m** of sales, 11% of Group revenue

## Investment case

1

### Global brands loved around the world

The Group owns six major brands which are sold into more than 70 countries around the world and have a combined history of more than 700 years.

Despite the Covid-19 pandemic, our collections continued to sell against the backdrop of national lockdowns in our major markets.

Our Spode brand celebrated its 250th anniversary during the year and a number of new collections were launched to mark the occasion.

2

### Online sales and capability to grow this channel

Our online channels experienced significant growth in 2020 with the closure of non-essential retail. We continue to invest in our online platforms and fulfilment capabilities, and have made a number of key hires in this area to further advance our strategy.

In the UK and US approximately 47% of our sales (2019: 30%) were made via online channels.

The Group's own websites saw growth of 69% over 2019 and now account for 13% of total Group revenue (2019: 7%).

3

### Strong operational capabilities

The Group maintains a UK manufacturing base for both ceramic product and home fragrance. Both of these sites remain open and producing at the same level as before the Covid-19 pandemic. We continue to invest in our sites in order to improve efficiency.

Product from our six global brands is distributed via our warehouses in the UK, US, Canada and China. These distribution centres shipped product throughout 2020, including the significant growth in direct to consumer online fulfilment. These sites are well positioned to support future growth.

4

### Strong balance sheet and strong track record

The Group remains cash generative and at 31 December 2020 had £0.7 million of net cash, with an additional £26.6 million of headroom via cash and bank facilities available. In June 2020 we raised £11.2 million via an equity placing in order to provide additional capital to invest in advancing the Group's strategy.

## Our Brands

# Established brands and markets

ESTABLISHED

1960



## PORTMEIRION®

### The Art of the Everyday

Beautiful designs built for the real world, taking inspiration from the beauty of nature.

Pictured: Sara Miller London Portmeirion

[portmeirion.co.uk](http://portmeirion.co.uk)

ESTABLISHED

1770

## Spode®

### Unmistakably Spode

Unmistakable homeware design, standing the test of time for over 250 years.

Pictured: Spode Creatures of Curiosity

[spode.co.uk](http://spode.co.uk)



ESTABLISHED

1980



**WAX LYRICAL**  
ENGLAND

### Inspiring people through fragrance

Inspired to capture the beauty of the English Lake District, our fragrances set the scene for moments to wax lyrical about.

Pictured: Wax Lyrical Harmony

[waxlyrical.com](http://waxlyrical.com)



ESTABLISHED

1751



**ROYAL  
WORCESTER®**  
ESTABLISHED 1751

Dining Royalty since 1751

Bringing refined design & heritage to your table.

Pictured: Royal Worcester Serendipity

[royalworcester.co.uk](http://royalworcester.co.uk)

ESTABLISHED

1945

**pimpernel.**

Art for the table

The premier brand for placemats and coasters

Pictured: Pimpernel Wrendale Designs

[pimpernelinternational.co.uk](http://pimpernelinternational.co.uk)



ESTABLISHED

1951



**nambe**  
DESIGN YOUR LIFE®

Design your life

Iconic mid-century modern lifestyle brand, collaborating with some of the world's leading designers.

Pictured: Nambé Barware

[nambe.co.uk](http://nambe.co.uk)

## Chairman's Statement

# Resilient performance and significant progress on strategic goals



**Dick Steele**

Non-executive Chairman

### Summary

- Significant progress in our long term strategy, in particular in our digital and online sales capabilities.
- Successful equity raising of £11.2 million of net proceeds to invest behind and accelerate our long term strategy.
- Portmeirion Canada fully integrated into the Group following acquisition of remaining 50% of equity.
- Board strengthened with two new Executive Directors and one Non-executive Director.

### Introduction

The most difficult year for business which many of us can remember; we have shown great agility in the face of the challenges thrown up by Covid-19, built on the opportunities and finished the year more resilient with a proven business model and a superb worldwide team.

### Our business and strategy

We design, manufacture, source and sell consumer products worldwide. Our Group is the guardian of six international consumer brands: Portmeirion, Spode, Wax Lyrical, Royal Worcester, Pimpernel and Nambé. The heritage of our brands go back centuries. Our business model is to invest time and money into our brands so as to treasure, nurture and leverage them to generate returns for stakeholders for the long term. Intellectual property and design are at the heart of our business, manifesting in the sustainable and repeatable nature of our revenue.

We trade in over 70 countries worldwide and have manufacturing and warehousing facilities in the UK and warehouses in the US, Canada and China. Our Group headquarters are in Stoke-on-Trent in the UK, with additional offices in the Lake District, Canada, the US and Hong Kong. Our revenue is increasingly being earned from digital portals, from our own web activity and from the activity of third parties, some of which we fulfil directly to the consumer. We continue to sell through third party retailers, wholesalers, agents and distributors. We have 16 of our own retail outlets in the UK and the US.

The Group's strategy is set out in more detail on pages 16 to 17.

The Principal Risks and Uncertainties which face the Group are set out on page 23. It is an integral part of our management approach that we identify risks and mitigate those risks where appropriate and reasonable. We take comfort that we have come through 2020 and the early part of 2021 as a strong business. Nevertheless, our defences against unexpected shocks are of course limited except that we are a diversified and well funded business.

### Governance

The Group is a committed member of the Quoted Companies Alliance ("QCA") and have chosen to apply the QCA Corporate Governance Code as the most appropriate for our size and structure. We have complied with the principles of the QCA code throughout 2020 and continue to do so. Further details of our approach to governance can be found on our website and on pages 30 to 34 of this report. The Board consider our governance procedures to be appropriate for a company of our size, however we are always open to improvement and welcome feedback from shareholders.

### The Board

The Board keeps its composition and performance under constant review so as to ensure that we have the appropriate skills, experience and resources to deliver on our four main Board requirements of: setting strategy, reviewing progress against strategy, monitoring the resources required to deliver the strategy and complying with relevant requirements be they legal or otherwise. We undertake a formal board effectiveness review each year.

In August 2020 both Lawrence Bryan and Phil Atherton left the Company. I have previously paid testimony to the invaluable contributions which they have both made, but it is appropriate that I record the thanks of myself, my colleagues and our shareholders one more time.

Jacqui Gale and Bill Robedee joined the Board in August 2020, Jacqui as Chief Commercial Officer and Bill as President of North America, both of these appointments were internal promotions. These appointments were detailed in the Interim results for the six months ended 30 June 2020 released on 24 September 2020. Their appointments are already delivering notable results.

Clare Askem joined the Board as a Non-executive Director in August 2020 following the retirement of Janis Kong in May 2020 at the Annual General Meeting. This appointment was presaged in my Chairman's Statement within the report and accounts for the year ended 31 December 2019 in March 2020.



## Our people and culture

We have an open culture in the business achieved from effective employee engagement, people development and diligent resource management. We are a caring employer with an excellent health and safety record, fair and balanced equality policies, a wide diversity in our workforce and management structures and a consultative approach with our people. The way that we have dealt with the Covid-19 pandemic is testimony to our people based approach. Further details can be found in the Our Sustainability section on pages 35 to 39 and the Corporate Governance Statement on pages 30 to 34 of this report and accounts.

## The way forward

In June 2020 we raised £11.2 million in net proceeds via an equity placing to support the future development of the Group. Irrespective of recent worldwide difficulties we knew that we needed to invest in our brands, our routes to market, our people, distribution and manufacturing. We have already started this investment programme and this is set out in more detail in the Chief Executive's Statement on pages 8 to 11 and the Financial Review on pages 24 to 25. Our rate of investment of capital and revenue is increasing.

## Dividend

The Board has determined not to pay a dividend for FY20 due to the impact and disruption of Covid-19 on our business. Assuming the positive trends we saw in our core sales markets in the second half of 2020 and into 2021 continue, we expect to resume paying dividends for FY21. Our dividend policy will ensure that we retain and invest enough capital in our business to drive long-term growth in our brands and we maintain a prudent and sustainable level of dividend cover.



Pictured: Spode The Original Morris & Co. Willow Bough & Blackthorn



## Dick Steele

Chairman

17 March 2021

## Chief Executive's Statement

# Resilient and pleasing performance from our brands



**Mike Raybould**

Chief Executive

### Summary

- Trend of improving sales through second half of 2020 and strong seasonal sales demand.
- Online sales growth accelerates and demonstrates potential opportunity ahead.
- Increased investment in key parts of our long-term strategy, despite Covid-19, building a step change on our capabilities as a business.
- Online sales channels will become an increasingly important opportunity for our homeware brands which together have more than 700 years of combined history.

### Trading

2020 was a challenging year due to the huge disruption that Covid-19 caused through globally enforced retailer shutdowns and ensuing supply chain disruption as economies around the world reopened at different times and speeds. However, our consumer homeware brands showed their strength and resilience and we saw significant growth in our online channel sales and a trend of improving sales as the year progressed.

Following an equity raise of £11.2 million in net proceeds in June 2020 we increased our investment, despite disruption caused by Covid-19, in our strategic initiatives. We believe this investment places our business and brands in the best possible position to grow strongly and profitably in the coming years.

In particular, we have continued our transformation to a more online and digital based business and were pleased to see 69% sales growth in our own online website sales and 47% of total sales in our core UK and US markets now go through all online channels (2019: 30%). We will continue to invest in this area and our capabilities and expect to see further growth in the years ahead.

Our like-for-like sales declined by 11.2% during the year largely as a result of the impact of Covid-19 on physical retail stores, although we did see an improving trend through the third and fourth quarter and strong demand for our products through the key Christmas trading period.

The Group returned to profitability in the second half of 2020, with H2 headline profit before tax<sup>(1)</sup> of £4.1 million (H2 2019: £6.9 million). For the full year this left headline profit before tax<sup>(1)</sup> at £1.4 million (2019: £7.4 million) following the loss made in the first half of 2020 due to the impact of Covid-19.

We are confident in our long-term strategy for growth and have a strong balance sheet

to support our ambitions. The Group continues to be cash generative and our underlying net debt reduced by £1.8 million over 2019.

### Financial Headlines

- Revenue was £87.9 million, a decrease of 5.3% (2019: £92.8 million).
- Like-for-like sales were £82.4 million (2019: £92.8 million), a decline of 11.2%.
- Own platform website sales increased by 69% to £11.1 million (2019: £6.6 million) and total online sales in core UK and US markets rose to 47% (2019: 30%).
- H2 returned to headline profit before tax<sup>(1)</sup> of £4.1 million (2019: £6.9 million), FY20 headline profit before tax<sup>(1)</sup> of £1.4 million (2019: £7.4 million).
- Headline basic earnings per share<sup>(1)</sup> was 4.96p per share (2019: 56.32p).

(1) Headline profit before tax and headline basic earnings per share exclude exceptional items – see note 6.

### Operational Overview

Revenue for the Group decreased by 5.3% to £87.9 million (2019: £92.8 million).

The United States is our largest geographical market at 38% of Group sales. In translated figures, sales in the US increased by 3.1% to £33.5 million (2019: £32.5 million) due to the benefit of a full year of sales in the Nambé business, acquired in July 2019. On a like-for-like basis sales reduced by 9.8% due to the impact of the Covid-19 pandemic.

Our UK market is our second largest market and in 2020 accounted for 36% of Group sales at £31.8 million (2019: £32.6 million), a decrease of only 2.3% over the prior year. The UK market was significantly disrupted in 2020 due to a number of enforced Covid-19 retailer shutdowns for lengthy periods. However, our ongoing focus in building out and expanding our online



sales channels meant that we were able to cope with the rapid increase in online orders and we were delighted with the strength of demand for our brands despite the challenging macroeconomic conditions.

As previously reported, sales in our South Korean market have been impacted in recent years by high levels of product re-shipped from other markets. We took considerable steps in the second half of 2019 and throughout 2020 to reduce incidence of this parallel shipping of our Botanic Garden ranges and allowing overstocking in the market to subside. As a result we had planned for sales in this market to decline in 2020. Sales into South Korea (including estimates for parallel shipping) were £13.1 million (2019: £20.8 million). Our distributor, despite the impact of Covid-19 on retail channels, reported sales out to the consumer up 15% against the previous year and the new ranges we developed for them in 2019 are now selling strongly. We were pleased to see that the steps we have taken to stabilise this important market have paid dividends whilst protecting our brands in the long-term and we expect to see growth on this more stable base throughout 2021 and 2022.

For many years we have operated a 50% owned associated company – Portmeirion Canada Inc. - for our distribution operations in our Canadian sales market. In August 2020, we acquired the remaining 50% of the company for £0.5 million. Canada is an important long-term strategic sales market for the Group and we will leverage the benefits of our existing US online sales team, systems and infrastructure to grow our sales in online channels into this market.

### Products and brands

Our brands and product ranges are the key economic drivers for the Group. Our six major brands – Portmeirion, Spode, Wax Lyrical, Nambé, Royal Worcester and Pimpernel – have over 700 years of combined history and are sold across the world. Increasing

our investment behind these brands in digital and online channels and through new product development is central to our business strategy.

Portmeirion Botanic Garden, first launched in 1972, continues to be our largest selling pattern with ongoing sales of over £20 million annually. We estimate there are over 50 million pieces of Botanic Garden in use worldwide today due to the repeating sales element of this particular design. We continue to be vigilant of imitators to Botanic Garden and indeed our other patterns, and we are diligent in our legal protection of them.

Our Spode brand celebrated its 250th anniversary in 2020 and although much of our planned marketing activity to mark this occasion was disrupted by the Covid-19 pandemic, we were delighted to launch a number of new and limited edition ranges.

We have further exciting new Spode product launches in 2021-22 and we expect sales from our Spode brand to grow as we continue to develop and build on this much loved heritage brand.

A list of our current ranges can be found at [www.portmeirion.co.uk](http://www.portmeirion.co.uk), [www.spode.co.uk](http://www.spode.co.uk), [www.waxlyrical.com](http://www.waxlyrical.com), [www.royalworchester.co.uk](http://www.royalworchester.co.uk), [www.pimpernelinternational.co.uk](http://www.pimpernelinternational.co.uk) and [www.nambe.co.uk](http://www.nambe.co.uk). Customers in the United States should go to [www.portmeirion.com](http://www.portmeirion.com) and [www.nambe.com](http://www.nambe.com).

### Environmental, Social and Governance

We remain committed to the vision and values which support the Group's culture of openness and integrity and encourage behaviours that will positively impact our long-term sustainable success.

The Group is committed to being environmentally responsible through our dedication to reduce energy consumption and eliminate waste. We strive for operational excellence, whilst reducing environmental impact. During 2020, we were successful in a number of energy saving initiatives

including in relation to the production method and glaze changes in our Stoke-on-Trent manufacturing process, which has led to substantial savings in energy, cost and processing time. We also continue to use wind power at our Lake District manufacturing site. We make a point of recycling manufacturing waste and utilise recyclable packaging materials where possible.

Our business is only as good as our people and we continue to recruit people who share our values and work together towards realising our vision. Our ethics and governance are unfaltering, supported by our policies and processes. Further details on our corporate culture and its integration within the Group can be found on our website, [www.portmeiriongroup.com](http://www.portmeiriongroup.com) and in the Stakeholder Engagement section page 21, Our Sustainability on pages 35 to 39 and the Corporate Governance Statement on pages 30 to 34.

The Covid-19 pandemic threw a huge number of challenges at our people and teams and we would like to thank them for their enormous resilience and hard work throughout 2020. The health, safety and wellbeing of our employees is, and remains, of paramount importance to the Group and we will continue to ensure we have safe places of work.

### Strategic areas of focus

Our long-term strategy is to leverage and grow our brands driven by digital and online transformation, developing successful new products and building new significant markets, whilst being more efficient and dynamic in all areas of our business.

Our Group strategy is built around two pillars:

1. generating consistent, sustainable sales growth; and
2. improving our operating margins, thereby converting sales more effectively into profit.

## Chief Executive's Statement continued



Pictured: Sophie Conran for Portmeirion

### Strategic areas of focus continued

Critically, we have increased investment in these strategic areas despite the short-term challenges of Covid-19 in 2020 as we believe this will enable the Group to prosper in the long-term.

The capabilities of the business have therefore taken a significant step forward in the past twelve months through a number of strategic hires, significantly increasing our online sales and digital teams and associated budgets, re-organising our export sales teams, and putting in place three year roadmaps to make our factories more cost effective, environmentally sound and increasing volume capacity.

### Generating consistent and sustainable sales growth

#### 1. Accelerate our online sales transformation

Our brands are known and loved around the world. Therefore, we have increased our investment programme in online channels in 2020 including re-platforming all of our US websites and improved product photography. We experienced

69% growth in our own website sales in 2020 and total sales in our core UK and US markets through all online channels increased to 47% (2019: 30%) as the Covid-19 crisis changed how our customers ordered product. In the first quarter of 2021, we have gone live with a global new digital asset management system and a new virtual sales and product showroom. We have an ongoing roadmap of investment for further digitisation of our business and during 2021 we expect to complete new CRM and product information systems whilst making significant improvements to customer user experience for all of our UK websites. Early evidence is that we are seeing encouraging results already, not only in online sales growth but also improved margins and conversion levels from our new US platforms. We see a significant growth opportunity for our online channels in the years ahead and believe that our own website sales should represent at least 20% of our total Group sales once we have completed this roadmap.

#### 2. Develop and launch successful new products

New product development and launches remain a key part of our strategy to develop and leverage our brand portfolio and grow our sales around the world.

We believe there is an appetite for new products as our global markets recover from Covid-19 and we have purposefully kept our new product development roadmap on track through 2020. Key new launches in 2021 include a new contemporary Sophie Conran for Portmeirion collection, extensions to our heritage Portmeirion Botanic Garden and Spode Christmas Tree ranges and Wax Lyrical home fragrance ranges that complement some of our best-selling ceramic ranges including Sophie Conran for Portmeirion and Royal Worcester Wrendale Designs.

In addition, we are focused on developing new improved packaging formats for existing products that will sell even more effectively in online channels and in gifting. Our innovation and creative capabilities will serve us well in this endeavour.

### 3. Increase investment behind our brands and leverage the benefit of more recent additions such as Wax Lyrical and Nambé

We will continue to invest more behind our portfolio of homeware brands. Our marketing spend as a percentage of sales grew in 2020 and we expect this to continue through 2021/22. In particular we have more than doubled the size of our brand marketing and digital marketing teams in 2020. Our brands have hundreds of years of history and are loved around the world. Being able to tell the story of what our brands stand for and the quality and design premium of our products is increasingly important in online sales channels and will support our growth ambitions in this area.

There is scope to further leverage our more recently acquired brands, Wax Lyrical and Nambé, across our existing sales and operating infrastructures around the world. We expect both brands to grow strongly in the coming years.

### 4. Rest of world sales market expansion

Our products are sold across more than 70 countries and 89% of our sales fall into our three largest markets of the UK, US and South Korea.

In 2020 we reorganised our export sales teams to accelerate our strategy of building critical mass in 2-3 further markets including the Middle East and Far East. Rest of world sales growth will be an important part of our sales growth over the coming years, and we expect growth in 2021 and further momentum in 2022/23 once footfall returns post pandemic.

### 5. Continue to stabilise our South Korean market

As previously noted, we have been disciplined in reducing the incidence of parallel shipping into our South Korean market. We have successfully introduced new product ranges and will continue to focus on long term brand protection. Further new products are being developed for this market and we expect this sales market to return to growth in 2021 and 2022.

### 6. Strategic acquisitions to accelerate progress against our strategic plan

The Group will consider acquiring businesses where there is a strategic fit to accelerate our long-term strategy and the combination would be earnings enhancing.

#### Improving our Operating margins

A number of areas of the Group have been identified to support our long-term focus on a step change improvement in our operating margins. These include:

#### 1. Increasing our operating efficiency and capabilities

Our operating capabilities are constantly reviewed in order to position the Group to meet the requirements of our customers, including our ongoing strategy of growth in online and direct to consumer fulfilment.

Our operational teams skillfully coped with the significant shift to online sales due to physical retail lockdowns in 2020 and we continue to invest in expanding our capacity to fulfil dropship and direct to customer online orders.

We have a roadmap of investment for our UK manufacturing sites which will expand their throughput and efficiency to provide margin improvement, with a target to reduce cost per unit by 10% by the end of 2023. Several factory automation projects that are underway will start to realise benefits from the middle of 2021. Further investments will come on-stream for 2022/23. All of this will both improve efficiencies, but also make for an environmentally sounder manufacturing process.

#### 2. Improved global processes, working and procurement

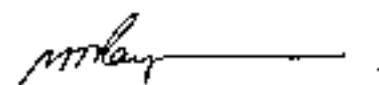
We undertook a review of global operational and management processes during 2020, including our approach to procurement. As part of this we expect to realise efficiency savings by the end of 2022 in excess of £1 million per annum which will improve operating margins.

We have also combined our operational and functional teams which has established further cost savings and will improve and drive growth going forward.

### 3. Leveraging the benefit of sales growth across our overheads and global infrastructure

Portmeirion sells into 70 countries around the world, although our three largest markets account for 89% of our sales. Upon review, we have determined the Group would benefit from combining our export teams and consequently a cohesive approach and product offering in each export market.

We anticipate sales growth in rest of the world markets as this refreshed approach gathers momentum.



**Mike Raybould**

Chief Executive  
17 March 2021

## Markets

# Geographical markets and insights

Portmeirion Group sells into over 70 countries around the world.

## United Kingdom



Pictured: Royal Worcester Wrendale Designs

The UK was the second largest market for the Group in 2020, with sales of £31.8 million (2019: £32.6 million) or 36% of the Group's total revenue.

### Market implications

The UK market remains competitive, and the Covid-19 pandemic increased the accelerating trend of traditional retail store sales being transitioned to online shopping.

With non-essential retail lockdowns dominating the 2020 year, our sales to traditional department stores declined, but were compensated by significant growth on our website and via third party online channels.

### Response

2020 was a challenging year but the Group coped well with the significant shift of retail to online channels. We continue to invest in our e-commerce platforms and direct to consumer fulfilment capabilities.

As retail reopens following the first quarter lockdown of 2021, we will monitor their performance and support our external customers as footfall returns to stores.

### Link to strategy

1 2 4 6

## United States



Pictured: Nambé Kitchenware

The United States was the largest market for the Group in 2020, accounting for £33.5 million (2019: £32.5 million) or 38% of the Group's revenue.

### Market implications

Similar to the UK, the Covid-19 pandemic saw a rapid acceleration of sales made in online channels both through the US websites and third parties. We expect this trend to continue even when wider travel is permitted.

### Response

Sales made via traditional channels were impacted by various lockdowns introduced state by state in 2020, and a number of department stores experienced bankruptcy. The stronger core retail operators grew significantly online and the US warehouses were able to match the increased dropship fulfilment requirements.

The websites for Portmeirion USA and Nambé both grew strongly and we anticipate further growth in 2021 with improved online functionality and warehouse investment.

### Link to strategy

1 2 4 6

## South Korea



Pictured: Portmeirion Botanic Garden Harmony

Sales made to South Korea were £13.1 million (2019: £20.8 million) or 15% of total Group sales in 2020.

### Market implications

South Korea was the first of our major markets to be impacted by Covid-19 in the first quarter of 2020. The swift action taken meant that Covid-19 rates were relatively low, and retail was able to remain open throughout the remainder of 2020.

We remain committed to a disciplined approach in South Korea where other distributors have parallel shipped product into this market.

### Response

Sales into South Korea reduced in 2020 as part of our more disciplined approach to this market. However, the new products launched in 2019 have started to sell strongly and overstocking in this market has reduced.

We are well positioned to stabilise and return to growth in this market in 2021 and beyond.

### Link to strategy

1 2 3 4

## Rest of the World



Pictured: Morris & Co for Pimpernel

The Group sells into more than 70 countries around the world, which accounts for £9.4 million (2019: £7.0 million) or 11% of the Group's revenue.

### Market implications

The Covid-19 pandemic was widespread in 2020 and impacted most of the 70 countries we sell into. However, some markets were locked down earlier and had relatively low levels of infection, and we experienced strong growth in a number of markets including Australia and Canada following the purchase of Portmeirion Canada.

The Group's sales into Europe account for less than 5% of total sales, and whilst there is potential for disruption and some additional cost following the conclusion of Brexit negotiations we do not expect the impact to be material.

### Response

We continue to support and work with our customers around the world following the Covid-19 outbreak, and the shift to growth in sales from online channels rather than physical retail stores.

We are targeting growth in a number of key new export markets in 2021 and investing in our capabilities to facilitate this.

### Link to strategy

1 2 4 5

#### Key to strategy

- |  |   |
|--|---|
| 1 Focused brand and product development  | 4 Leverage Wax Lyrical and Nambé opportunities          |
| 2 Digital and online transformation      | 5 Target rest of world export growth                    |
| 3 Continued focus on South Korean market | 6 Operating and procurement efficiency and capabilities |

## Business Model

# Diversified routes to market and product offering

### Key inputs

#### Intellectual property

Much of the value of the Group lies within our six brands and the designs which underpin these brands.

Whilst capitalising on our intellectual property in our own product offering, we also receive royalty income from intellectual property licensing.

Our brands [pages 4 and 5](#) >

#### People

Our skilled global teams are committed to providing exceptional quality and craftsmanship across all our brands and ranges. The Group's senior management teams and Board of Directors are dynamic and have significant experience of the gift and homeware industries and retail sector.

Board of Directors [pages 28 and 29](#) >

**850** employees in the UK, US, Canada, China, Hong Kong, South Korea & Dubai.

#### Innovation and design

As with all companies, innovation is key to the Group's continuing success. We innovate to ensure our activities are sustainable and efficient and our products meet and exceed our customers' expectations.

#### Operating efficiencies

The Group continues to strive for increased efficiencies and advancements.

Our Strategy [pages 16 to 19](#) >

#### Social and relationships

The Group's culture, as set by the Board of Directors, is one of openness, honesty and transparency in all of its dealings.

Our Sustainability [pages 35 to 39](#) >

Corporate Governance Statement [pages 30 to 34](#) >

### Our business

#### Diversified product offering

Diverse sales reduce reliance on any one source of supply or customer group.



#### Homeware

Varied range of products including tableware, barware, giftware, cookware and tabletop accessories.



#### Home Fragrance

Our factory in the Lake District is the UK's largest manufacturing base of home fragrance.

#### Manufactured

Our tableware factory in Stoke-on-Trent and home fragrance factory in the Lake District deliver high quality products to our exacting standards for our worldwide customers.

#### Sourced

As the Group must ensure that it has a supply of quality raw materials and sourced products, processes are in place to mitigate the risks posed by overreliance on key suppliers and ensure the maintenance of strong supplier relationships.

Principal Risks [page 23](#) >

**42%** of our products are manufactured in the UK

**58%** of our products are sourced from worldwide suppliers in accordance with a Supplier Code of Conduct

#### Routes to market



The Group sells into over 70 countries across the world and continues to aim for diversification in product, market and customer.



Our route to market is determined by local requirements, with key export markets serviced by sites in the UK and US and localised sales performed through Canadian warehouse.



Sales are made through an established network of trade customers, agents and distributors combined with retail trade and independent stores in the UK and US.



These routes are supplemented by direct to consumer sales via our own retail stores and rapidly growing e-commerce platforms.

Our Markets [pages 12 and 13](#) >



## How we create value for our stakeholders

### For shareholders

Value is delivered by dividend payments and capital appreciation. Due to the Covid-19 pandemic, no dividends were paid or proposed for 2020.

FOR THE YEAR ENDED 31 DECEMBER 2020:

**0p** Dividends paid and proposed per share

Corporate Governance Statement [pages 30 to 34](#) >

### For customers

By working closely with our customers, we ensure that innovative products are launched that reflect current consumer requirements, are priced competitively to appeal across multiple sales channels and which adhere to our exacting quality standards.

FOR THE YEAR ENDED 31 DECEMBER 2020:

**1,697** New products developed in 2020

### For our people and local communities

The successful execution of our business model and strategy provides additional employment opportunities within our local communities and long-term career development for our existing employees.

Stakeholder Engagement [page 21](#) >

**850** Employees across the world

### For the environment

We strive for operational excellence whilst reducing environmental impact

**60%** Amount of Wax Lyrical energy generated by wind turbine

Our Sustainability [pages 35 to 39](#) >

## Our strengths

### Brand Portfolio

Our brands are known across the world and have over 700 years of collective history.

Our Brands [pages 4 to 5](#) >

### Creativity

From new products to factory efficiencies we are striving ahead to use our creativity to grow the Group.

### Global reach

The Group sells into more than 70 countries around the world via a number of different distribution routes. Our International team has been further strengthened in 2020 and early 2021 with country specific capabilities.

### Online and distribution capabilities

During 2020, online sales on our own platforms increased by 69% over 2019. We estimate 47% of our products are now sold via online channels in our core UK and US markets.

**47%** increase in direct to consumer cartons dispatched from our warehouses in 2020

Our Strategy in Action [pages 18 and 19](#) >

### Synergies and scale

We benefit from economies of scale and share synergies across our brands and global markets. The Group has two UK manufacturing sites and a strong distribution network in its key markets. These operations have sufficient capacity to support anticipated business growth in the medium term.

**£128k** savings achieved in 2020 from procurement steering group

## Our Strategy

# Driving consistent growth

Our strategy is built around two pillars: generating consistent, sustainable sales growth and improving our operating margins, thereby converting sales more effectively into profit.

1

### Focused brand and product development

#### Progress

- The Group owns brands with over 700 years of combined history.
- Sales remained robust despite the impact of the Covid-19 pandemic on our major sales markets.
- Clear brand guidelines defined and plans for future growth identified.

#### Future outlook

- Further investment in our six global brands which are the key economic driver of value creation.
- Expected differentiation in product development with creation of new ranges and more giftware for online space.
- More focused investment in sizeable new ranges and launch campaigns such as new Sophie Conran for Portmeirion collection.

#### The Board's governance role

- The Board oversees the Group's operations to ensure competent and prudent management by the Executive Directors and the senior management team.

#### Link to KPIs

- 1 2 3 4 5 6

#### Link to Risks

- 1 3 4 5

2

### Digital and online transformation

#### Progress

- Transition from physical retail to online space accelerated by Covid-19 pandemic.
- Strong online sales growth in 2020.
- New websites launched in the US in H2 2020 and plans for significant investment in UK platforms in 2021.

#### Future outlook

- Further investment in ecommerce expertise, online platforms, integration into third party systems and warehouse fulfilment capabilities.
- Expect trend of online sales growth to continue in 2021 and beyond.
- Specific product development to drive sales growth in online space.

#### The Board's governance role

- The Board approves the Group's long-term objectives and strategy and monitors performance against these objectives. Where applicable, the Board ensures any necessary corrective action is taken.

#### Link to KPIs

- 1 2 3 4 5 6

#### Link to Risks

- 1 2 3 5

3

### Continued focus on South Korean market

#### Progress

- South Korea has been a very strong sales market for the Group for nearly 20 years.
- Much improved discipline to reduce excessive parallel shipping.
- New product development completed in 2019 now selling strongly in the market.

#### Future outlook

- Overstocks in this market have now subsided and improving sales out in the market in 2020.
- Aim to supply multi-brand into this market to expand our product offering.
- Much more stable base to provide sustainable growth in the future.

#### The Board's governance role

- The Board reviews all financial performance of the Group in major markets.

#### Link to KPIs

- 1 2 4 5 6

#### Link to Risks

- 1 2 3 5



**Key to KPIs**

- 1 Revenue
- 2 Headline operating profit margin
- 3 Own ecommerce sales
- 4 Headline basic EPS
- 5 Operating cash generation
- 6 Dividend cover

**Key to Risks**

- 1 Economic environment
- 2 Competitors
- 3 People
- 4 Suppliers
- 5 Financial risk

KPIs page 26 &gt;

Risk Management page 22 &gt;

Corporate Governance Statement  
pages 30 to 34 >

4

**Leverage Wax Lyrical and Nambé opportunities****Progress**

- Nambé now fully integrated into US business and cost synergies realised.
- Wax Lyrical division pivoted to making vital supply of hand sanitiser during 2020 pandemic.
- Robust performance from both brands in a challenging year.

**Future outlook**

- Wax Lyrical to extend into hand and body care ranges.
- Nambé range well positioned for growth into UK and other export markets.
- Global home fragrance ambition to grow significantly in core and new markets.

**The Board's governance role**

- The Board approves all changes to the Group's corporate structure.

**Link to KPIs**

1 2 3 4 5 6

**Link to Risks**

1 2 3 5

5

**Target rest of world export growth****Progress**

- The Group currently export into over 70 countries around the world.
- Completed acquisition of Portmeirion Canada in August 2020 to provide opportunity for growth in that market.
- Brexit transition managed and potential for growth in Europe.

**Future outlook**

- Sales growth in Canada including increase in online capabilities.
- Targeted growth with ambition to build three new sizeable sales markets.
- Expand product offering in export markets including Nambé and home fragrance.

**The Board's governance role**

- The Board reviews all financial performance of the Group in major markets.

**Link to KPIs**

1 2 4 5 6

**Link to Risks**

1 2 3 5

6

**Operating and procurement efficiency and capabilities****Progress**

- UK factories open and operating safely at pre-Covid throughput.
- Significant procurement savings identified and in progress.
- Warehouses around the world managed significant shift to online fulfilment.

**Future outlook**

- Roadmap of investment in factory efficiency projects to improve profit margins.
- Procurement saving realised and more opportunities available.
- Improve warehouse capabilities and potential for future growth.

**The Board's governance role**

- The Board approves the annual operating and capital expenditure budgets and any material changes to them. Capital and operational expenditure over £250,000 must also be approved by the Board.

**Link to KPIs**

1 2 3 4 5 6

**Link to Risks**

3 4 5

## Our Strategy in Action

# Strong progress on strategy

During 2020 the Group continued to invest in a number of strategic targets in order to achieve our long-term goals.



### Digital and Online

During 2020, we made strong progress in online channels, with our own website sales up 69% on the previous year. The Group made a number of key hires in this area, including a new UK ecommerce Director, to continue the acceleration of our growth.

In addition, our US websites were replatformed to provide an improved consumer experience.

In the first quarter of 2021, we have already rolled out improved content and photography on both our own websites and third party sites, enabled by a new digital asset management system. We have also implemented a virtual showroom to showcase our new products to customers around the world.

In order to ensure this investment is translated into sales and profit, we continue to expand our capacities including in all distribution facilities around the world to meet the increased demand online for our products.

Pictured: Wax Lyrical Wrendale Collection

### New Product Development

The strength of the Group is underpinned by the six much-loved brands that we possess, which collectively have more than 700 years of history.

In order to leverage these brands, we continue to invest in new product development to refresh and renew their strength.

In 2020, we launched a number of new products and ranges, including new collections to support the 250th anniversary of Spode.

For 2021, there are further exciting new ranges including a new Sophie Conran for Portmeirion collection and Spode Creatures of Curiosity.

Pictured: Wax Lyrical laboratory testing



### Hand Sanitiser

During the first half of 2020, our home fragrance factory in the Lake District was able to utilise its production lines to manufacture much-needed hand sanitiser product for the NHS due to a national shortage caused by the Covid-19 pandemic.

Following the fulfilment of NHS demand, we then sold this product to a number of customers including national retailers for in-store use in order to support the fight against Covid-19.

We will continue to sell this product line going forward and see ongoing success in this new revenue stream.

Pictured: Wax Lyrical Hand Sanitiser and Surface Spray





## Hand and Body Ranges

Following the success of the hand sanitiser project at our home fragrance division, the Group is continuing its product line expansion into hand and body care ranges manufactured in a newly-expanded factory and production line.

The factory expansion has been ongoing through the first quarter of 2021 and we expect the new product to commence selling from the second half of the year.

These new ranges provide additional throughput in our Lake District factory which will improve both sales and efficiency.

Pictured: Wax Lyrical Hand and Body

## Factory and Operational Efficiencies

The Group is targeting a number of efficiency projects to improve operating margin; these include a 10% cost per unit reduction in our main ceramic factory in Stoke-on-Trent, increasing our capacity to drive improved throughput and procurement savings.

In 2020, we commissioned a new automated lithograph cutting machine and automated mug decorating machine to improve both efficiency and throughput in our ceramic production.

For 2021, we have a roadmap of automation projects in place to deliver further efficiency savings. These include a new heat release machine, assisted lifting support and an in-line glaze spray loader. We also have a number of energy efficiency projects progressing including recycling heat from our kilns.

Pictured: Portmeirion UK Automated Lithograph cutter



## People

Our people demonstrated their resilience and versatility during the Covid-19 pandemic, which impacted a number of areas of the business due to government enforced closures.

In 2020, we have made a number of key appointments in order to accelerate our strategy, including the appointment of Bill Robedee and Jacqui Gale as Executive Directors and Clare Askem as a Non-executive Director. In order to progress our digital strategy we have also recruited a UK ecommerce Director and expanded our marketing team significantly.

The Group continues to invest in our people and will recruit new skills where necessary in order to advance our strategy.

Pictured: Social distancing ambassadors at Portmeirion UK

## Section 172 (1) Statement on the Discharge of Directors' Duties

During 2020, the Board of Directors consider that they have, individually and collectively, acted in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole.

In compliance with the Companies Act 2006, the Board of Directors are required to act in accordance with a set of general duties. During 2020, the Board of Directors consider that they have, individually and collectively, acted in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole, having regard to a number of broader matters including the likely consequence of decisions for the long term and the Company's wider relationships. In doing so, the Board has had regard to the matters contained in section 172(1) (a)–(f) of the Companies Act 2006.

This statement focuses on matters material to shareholders. The Group's key resources and relationships are detailed in the Business Model on pages 14 and 15. The Board recognises the importance of building and maintaining relationships with its key stakeholders, and considering the external impact of the Group's operations, in order to achieve long-term success. The Board's understanding of the interests of the Group's stakeholders is informed by the Board's programme of stakeholder engagement. Further details can be found in Stakeholder Engagement on page 21 and Our Sustainability on pages 35 to 39.

Matters that have impacted key decisions and strategies during the year ended 31 December 2020 are set out below.

### Covid-19

Although 2020 was a challenging year and our sales markets were significantly impacted by Covid-19, we are hugely encouraged by the resilience of our brands and our strong seasonal sales performance towards the end of the year. During 2020, we were, and still are, extremely proud of our teams throughout the world who have responded admirably to the challenges we have all faced. Our operations remain open and our proven international brand strength, growing online presence and strong balance sheet provide a platform for us to grow across our key sales markets. We will continue to prioritise the health and safety of our staff, customers and suppliers. We remain confident in our strategic plan, the strength of our brands and the long-term opportunities to grow our business for all stakeholders.

### Equity raise

The Company raised net proceeds of £11.2 million through the Placing, Subscription and Open Offer which was approved by shareholders on 29 June 2020. Subsequently 3,096,604 new ordinary shares were issued and allotted. The proceeds from the Fundraising are being used to accelerate the Group's growth strategy and margin improvement. Investment in key areas of the business have been made, underpinning the Board's commitment to the long-term success of the Company, its shareholders, employees and other stakeholders.

Link to strategy



### Acquisition of remaining 50% equity in Portmeirion Canada

Having successfully operated an associated company for our distribution operation in Canada for a number of years, the Group acquired the remaining 50% share of Portmeirion Canada and certain trade and assets of Royal Selangor in August 2020. In doing so, the Group obtained control over the selling and distribution process in this market and the rights to key licence distribution agreements. This acquisition was set out as one of the uses for the equity raise proceeds to build a more significant presence in the Canadian market. The Board is pleased with progress in this area as set out in the Chief Executive's Statement and the opportunities it provides to grow the business for shareholder and stakeholder return.

Link to strategy



### Developing international markets

As part of the Board's strategy to develop international markets, attention has been given to stabilising the South Korean market with diversification of brand and channels whilst formulating action plans for key additional markets such as the Middle East and Far East. The Board believes that the progress made will be successful in protecting our brands and export markets in the long-term thus supporting our commitment to our key customer, shareholder returns and continuing employment security for the wider workforce.

Link to strategy



### Capital allocation and dividend policy

Promoting the success of our business for the benefit of our shareholders, whether large institutions or small retail investors, is fundamental. Alongside employees, we are under a duty to consider the ongoing long-term funding of the closed defined benefit pension scheme. When considering the level of dividend, the Board has been mindful of the balance between delivering returns to shareholders whilst increasing investment behind key strategic areas such as driving online growth and brand marketing. The Board is confident in our strategic plan and the long-term opportunities to grow our business thus addressing all our stakeholders' interests.

Link to strategy



Chairman's Statement **pages 6 and 7** >

Chief Executive's Statement **pages 8 to 11** >

Our Strategy **pages 16 and 17** >

Our Strategy in Action **pages 18 and 19** >



# Stakeholder Engagement

Our programme of stakeholder engagement is designed around our assessment of the materiality and impact of our stakeholders on the achievement of the Company's strategy. Our key stakeholders have been identified via an assessment of the Group's business model (further details can be found on pages 14 and 15) and principal risks and uncertainties (page 23).

Why we engage	Stakeholder expectations	How we have engaged	Engagement outcomes
<p><b>Employees</b></p> <p>Our people deliver the high quality products and exceptional service that we are renowned for. Engaging with our people helps to ensure the culture the Board wants to foster is embedded throughout the Group, promotes open, two-way communication and encourages innovative and collaborative working.</p>	<ul style="list-style-type: none"> <li>• A safe place to work;</li> <li>• security of employment;</li> <li>• fair treatment (including pay);</li> <li>• access to training;</li> <li>• to receive a pension under a defined benefit or defined contribution scheme; and</li> <li>• purposeful employment through community engagement.</li> </ul>	<ul style="list-style-type: none"> <li>• Briefings, newsletters, team meetings and opinion surveys;</li> <li>• Innovation Scheme;</li> <li>• health and safety meetings;</li> <li>• providing training; and</li> <li>• community involvement (further details can be found in the Our Sustainability section on pages 35 to 39).</li> </ul>	<p>Adapted work practices to make Covid-19 secure, taking all suggestions and concerns of employees into account to safeguard their health and wellbeing whether on site or remote working.</p> <p><b>Link to strategy</b> 1 2 4 5 6</p>
<p><b>Sourced product suppliers</b></p> <p>In 2020, 58% of our products were sourced from third parties. We need to ensure security of supply and that all products are manufactured to our exacting quality standards.</p>	<ul style="list-style-type: none"> <li>• To be treated fairly; and</li> <li>• to receive payment in accordance with agreed terms.</li> </ul>	<ul style="list-style-type: none"> <li>• Regular contact and visits to our sourced product suppliers' premises (Covid-19 travel restrictions permitting); and</li> <li>• open door policy.</li> </ul>	<p>The Group worked collaboratively with suppliers to encourage increased sustainability in the production and packaging of sourced products.</p> <p><b>Link to strategy</b> 1 6</p>
<p><b>Customers</b></p> <p>Our customers are at the heart of our operations. The longevity of the business can only be secured through maintaining and expanding our customer base.</p>	<ul style="list-style-type: none"> <li>• Excellent quality, innovative products that meet customer requirements;</li> <li>• exceptional service; and</li> <li>• a competitive price.</li> </ul>	<ul style="list-style-type: none"> <li>• Trade customers are encouraged to provide feedback through Group trade account managers;</li> <li>• key customers' accounts are overseen by Board or subsidiary Directors; and</li> <li>• via customer services and social media.</li> </ul>	<p>Feedback from customers has led to the creation of customised product offerings and range extensions.</p> <p>In 2020, we launched a business to business website for trade customers and further enhanced our ecommerce direct to consumer sites.</p> <p><b>Link to strategy</b> 1 2 3 4 5 6</p>
<p><b>Finance provider</b></p> <p>The Group uses finance to assist with its cash flow and to capitalise on business opportunities as they arise. Ensuring a good working relationship with our finance provider allows the Group to continue to trade and expand.</p>	<ul style="list-style-type: none"> <li>• Repayment to agreed terms;</li> <li>• security of loan and overdraft facilities; and</li> <li>• compliance with covenants.</li> </ul>	<ul style="list-style-type: none"> <li>• Regular contact and meetings.</li> </ul>	<p>The Group kept in close contact with its finance provider as the short-term impacts of Covid-19 were analysed. The Group ended 2020 with net cash of £0.7 million compared to prior year net debt of £(12.3) million.</p> <p><b>Link to strategy</b> 2 4 6</p>
<p><b>Defined benefit pension scheme (the "Scheme")</b></p> <p>The Group and the Trustees of the Scheme each have an important role to play in ensuring the proper management of the Scheme. As such, a good working relationship must exist between the Group and the Trustees of the Scheme. Key to this relationship is open and clear communication.</p>	<ul style="list-style-type: none"> <li>• To be kept informed of changes within the Group which may impact the funding of the Scheme;</li> <li>• to be treated fairly relative to other Group stakeholders; and</li> <li>• for the Group to continue to meet its financial obligations to the Scheme (further details can be found in note 32 on pages 91 to 94).</li> </ul>	<ul style="list-style-type: none"> <li>• Regular contact with the Trustees of the Scheme and the Scheme advisers; and</li> <li>• the Group Finance Director attends, by invitation, the bi-annual meetings of the Trustees of the Scheme.</li> </ul>	<p>The Group has continued to meet its financial obligations in accordance with the agreed Schedule of Contributions.</p> <p><b>Link to strategy</b> 4 5 6</p>

## Key to strategy

- |  |   |
|--|---|
| 1 Focused brand and product development  | 4 Leverage Wax Lyrical and Nambé opportunities          |
| 2 Digital and online transformation      | 5 Target rest of world export growth                    |
| 3 Continued focus on South Korean market | 6 Operating and procurement efficiency and capabilities |



## Risk Management

# Managing risk in order to deliver our strategy

The Group is exposed to a number of risks in the markets it operates across. The Board considers the risks to the business and the adequacy of internal controls with regard to the risks identified at every Board meeting. It formally reviews and documents the principal risks to the business at least annually.

### Risk management structure and process

#### 1. Identify risk

The Board has overall responsibility for monitoring the Group’s systems of internal control, for identification of risks and for taking appropriate action to prevent, mitigate or manage those risks. The Board will continually assess and review the business and operating environment to identify any new risks for consideration.

#### 2. Assess risk

A detailed schedule of risks is considered at each Board meeting under the following categories: macro-economic and political, continuity and disruption, trading and product, operational and supplier, accounting and internal controls, legal and regulatory and external investment and performance. These risks are graded against a criteria of likelihood and potential impact in order to identify the key risks impacting the Group (see heat map below).

#### 3. Mitigate risk

The Board seeks to ensure that the Group’s activities do not expose it to significant risk. The Group’s aim is to diversify sufficiently to ensure it is not exposed to risk of concentration in product, market or channel.

#### 4. Update risk register

The risk register is updated at each Board meeting. The Board meets formally at least five times each year.

#### 5. Review and evaluate risks

The Board and senior managers are all responsible for reviewing and evaluating risk. The Executive Directors meet at least monthly to review ongoing trading performance, discuss budgets and forecasts and consider new risks associated with ongoing trading.

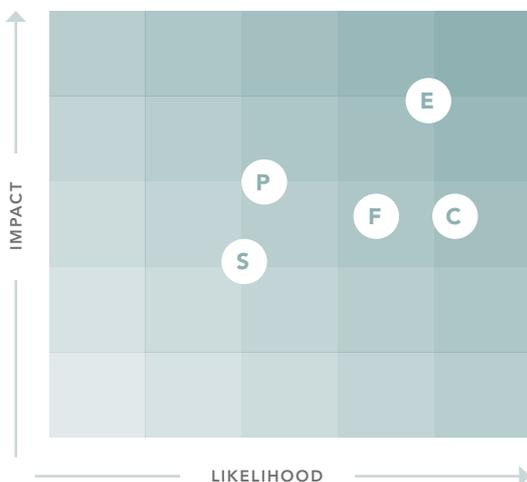
Feedback from these meetings regarding changes to existing risks or the emergence of new risks is then provided to the Board.



### Risk heat map

A graphical representation of the principal risks and uncertainties of the Group.

- E:** Economic environment
- C:** Competitors
- P:** People
- S:** Suppliers
- F:** Financial risk



### Key to strategy

- 1 Focused brand and product development
- 2 Digital and online transformation
- 3 Continued focus on South Korean market
- 4 Leverage Wax Lyrical and Nambé opportunities
- 5 Target rest of world export growth
- 6 Operating and procurement efficiency and capabilities



# Principal Risks and Uncertainties

Risk	Mitigation	Outlook
<p><b>Economic environment</b></p> <p>The Covid-19 pandemic outbreak in 2020 was an unprecedented event which brought major disruption to retail markets around the world, including our three key markets of the UK, US and South Korea.</p> <p>The closure of non-essential retail meant an accelerated shift to sales made in online channels and an uncertain outlook for physical retail stores which had to close for large parts of 2020.</p>	<p>The Group sells into more than 70 countries around the world, although the vast majority of sales are concentrated into three key markets. We continue to monitor the impact of Covid-19 restrictions in these markets and any material disruption to our product supply, key sales markets or staff. We remain in close communication with our teams around the world to ensure their health and safety, and continue to respond to any challenges as they arise.</p> <p>The Groups continues to monitor and maintain close relationships with its key customers and suppliers to be able to identify signs of financial difficulties in order to prevent or limit any potential losses. Customer orders and sales trends in major markets are constantly reviewed to enable early action to be taken in the event of sales declining.</p>	<p>The Group will continue to monitor the impact of Covid-19 and ongoing retail conditions.</p> <p><b>Link to strategy</b></p> <p>1 2 3 4 5</p>
<p><b>Competitors</b></p> <p>The Group faces strong competition in most of the major markets in which it operates. This presents a risk of losing market share, revenue and profit.</p>	<p>The risk is managed by ensuring that high quality and innovative products are brought to market, maintaining strong relationships with key customers and ensuring the Group is aware of local market conditions, trends and industry-specific issues and initiatives. This enables the Group to identify and address any specific matters within the overall business strategy.</p>	<p>The Group continues to invest in both its strong brands and new product development in order to provide a point of difference to its competitors.</p> <p><b>Link to strategy</b></p> <p>2 3 4 5</p>
<p><b>People</b></p> <p>Skilled senior managers and personnel are essential in order to achieve the strategic objectives of the Group. Failure to recruit and retain key staff would present significant operational difficulties for the Group.</p>	<p>Existing staff are provided with relevant training and career progression to improve motivation. The Group has a clearly defined recruitment policy which ensures that new employees meet the required standard and experience for each position. Management also seeks to ensure that personnel are appropriately remunerated and that good performance is recognised.</p>	<p>The Group remains committed to hiring and retaining key personnel in order for the business to achieve its strategic objectives.</p> <p><b>Link to strategy</b></p> <p>1 2 3 4 5 6</p>
<p><b>Suppliers</b></p> <p>The Group's purchasing activities could expose it to overreliance on certain key suppliers or markets and, as a result, inflationary pricing pressure. Production is split between UK factories and outsourced supply, which allows the Group to mitigate some of the risk presented by suppliers. The ongoing outbreak of Covid-19 has the ability to disrupt our supply chain.</p>	<p>For the manufacturing process conducted in the UK, the Group ensures that key raw materials are available from more than one source to ensure continuity and competitive pricing of supplies. For the sourcing process, suppliers are carefully selected and the Group seeks to maintain a sufficient breadth in its supplier base such that the risk remains manageable. The Group also ensures that all intellectual property rights are retained and easily transferable should an alternative supplier be required.</p>	<p>The Group continues to ensure dual-supply where practical and maintain strong supplier relationships. The Group will continue to review and monitor any potential disruption due to Covid-19.</p> <p><b>Link to strategy</b></p> <p>1 6</p>
<p><b>Financial risk</b></p> <p>Financial risk is wide-ranging and covers capital management, credit risk, currency risk and liquidity risk. The risks presented in these areas include the failure to achieve business goals, potential financial losses caused by default, reduction in profit due to currency fluctuations, insufficient funds to continue trading and going concern threat.</p>	<p>The Group's approach to risk management and mitigating systems are covered in the financial risk management objectives in note 33 on pages 94 to 97.</p> <p>The Group is cash generative with significant headroom within current borrowing facilities, and has traded profitably during the disruption Covid-19 has brought to 2020. The Board have a detailed budget review process and assess performance, including cash flow and liquidity, as part of regular management information reviews.</p> <p>Regular currency forecasts are reviewed in order to ensure the Group is not detrimentally impacted by any major exchange rate fluctuations.</p>	<p>The Group has a net cash balance at the year end and significant headroom within ongoing borrowing facilities. The Group also has a strong natural currency hedge and continues to monitor currency fluctuations.</p> <p><b>Link to strategy</b></p> <p>1 2 3 4 5 6</p>

## Financial Review

# Encouraging performance against backdrop of Covid-19 disruption



**David Sproston**

Group Finance Director

### Summary

- Strong performance against Covid-19 backdrop.
- Working capital improved by £3.7 million.
- Cash is net positive at year end; retain strong balance sheet and significant headroom in debt facilities.

2020 was a year like no other in the history of the Group. The unprecedented Covid-19 pandemic brought significant disruption to most parts of the globe and all of the Group's major sales markets, which were all impacted by Covid-19 restrictions at various points in the year. However, our business responded rapidly to the unique challenges that 2020 brought and we were hugely encouraged by the ongoing strong demand for our products and significant growth in our online channels.

### Revenue

Revenue for the year ended 31 December 2020 totaled £87.9 million, which represented a small decrease of 5.3% over the previous year (2019: £92.8 million).

In 2020, the Group benefited from a full year of sales of Nambé, acquired in July 2019, and additional sales from Portmeirion Canada, which was fully acquired in August 2020. On a like-for-like basis revenue was therefore £82.4 million, an 11.2% reduction over 2019. Like-for-like sales performance improved in the second half of the year, with H1 sales down 20.4% compared to only 5.8% down in H2.

Sales in our US market are translated from US dollars into sterling at the average daily exchange rate. In 2020, sterling was stronger against the US dollar than in 2019 and therefore at a constant currency rate the Group's sales were only down 5.1% on the previous year.

We experienced disruption in our three biggest geographical markets of the US, UK and South Korea. All of these markets were affected by Covid-19 restrictions during 2020, which impacted the demand for our products in physical retail space. However, we saw rapid growth in sales via online channels including our own websites and this compensated for some of the lost sales.

Our home fragrance division experienced a reduction in demand for core products following the UK retail closures, but was

able to repurpose its factory to manufacture hand sanitiser. Sales of hand sanitiser were £3.4 million in the year, and we continue to ship this new product line in 2021.

### Profit

Headline profit before taxation<sup>(1)</sup> was £1.4 million, which was a decline from the £7.4 million headline profit reported for 2019. The bulk of this reduction was related to the UK, with a reduction in sales and lockdown closures of both non-essential retail stores and our UK ceramic factory set against a largely fixed cost base.

We closed our UK ceramic factory in March 2020 during the first national lockdown in order to maintain the safety of our people and to create a Covid-19 secure environment. We reopened the factory at a reduced capacity in May 2020 and steadily increased the output, so by the end of July 2020 we were broadly producing at a pre-lockdown level.

Our home fragrance division also has a UK production site which is based in the Lake District. This site ran at a reduced capacity during the first national lockdown due to lower sales of home fragrance to UK retailers.

The impact of these unavoidable factory inefficiencies and reduced sales meant that our operating margin reduced to 2.5% (2019: 8.4%). We believe this is a creditable performance set against such a disrupted year and remain confident of rebuilding this operating margin to historic levels for the Group. A number of programs remain ongoing with regards to margin growth.

The Group also made a number of claims under the permitted Covid-19 support schemes in the UK, US and Canada. These were largely for continuing to employ and pay staff under job retention schemes and amounted to £3.5 million.

(1) Headline profit before taxation excludes exceptional items – see note 6.



## Interest and financing costs

Finance costs for the Group increased by £0.1 million to £0.7 million (2019: £0.6 million) due to a full year impact of the July 2019 term loan for the Nambé acquisition.

Following the equity raise in June 2020 the business ended the year £0.7 million net cash positive and we anticipate interest costs reducing in future years as loan facilities mature.

## Taxation

The charge for taxation for the year was £0.5 million (2019: £1.3 million). The charge largely represents the impact of the change in deferred tax rate from 17% to 19% in line with the expected corporation tax rate in the UK.

## Dividends

Due to the unprecedented uncertainty facing many businesses in 2020, the Board did not declare or pay any dividends during the year. The Board is not recommending a final dividend for the 2020 year (2019: £nil).

The Group retains strong headroom and cash facilities and on the basis that trading continues to improve as seen in H2 2020, the Board anticipates recommencing dividend payments for FY21 and will update at the time of the Interim announcement.

## Cash generation and net debt

At 31 December 2020, the Group had a net cash balance of £0.7 million (comprising cash and cash equivalents of £11.6 million less borrowings of £10.9 million). This compares to net debt of £12.3 million at the prior year end.

The Group continues to be cash generative, and excluding the equity raise net proceeds of £11.2 million we improved our cash position by £1.8 million during the year. This cash improvement was despite increased investment in order to advance our strategy, including specifically increased year on year spend on capex of £0.8 million and the acquisition of the remaining 50% equity of Portmeirion Canada for £0.5 million.

## Bank facilities

The Group has agreed debt facilities with Lloyds Bank which totalled £26 million at the balance sheet date. This consists of a £10 million revolving credit facility available until May 2022, a £5 million overdraft on an annual renewal cycle, a £10 million term loan repayable by October 2021 of which £2 million was outstanding at the year end and a £10 million term loan repayable by January 2025 of which £9 million was outstanding at the year end.

Our business remains seasonal due to the second half weighting of our sales. We therefore experienced a working capital swing of around £8 million during the year as we built inventory to match our sales demand. Our committed funding addresses this dynamic and we believe is prudent.

## Assets and liabilities

We improved our working capital position by £3.7 million during the year. This was largely driven by reducing our receivables balance due to mix of customers and the shift to online sales, particularly our own website sales which are directly translated into cash at the point of customer order.

Our inventory balance increased to £27.3 million (2019: £26.6 million) which was caused by additional inventory in the newly consolidated Portmeirion Canada and hand sanitiser raw materials and finished product in our home fragrance division. Excluding these items our inventory would have reduced by £0.8 million or 3% on a like-for-like basis. Inventory remains an area of focus and we expect further reductions as trading becomes more stable following the Covid-19 disruption.

We continue to make contributions to our closed defined benefit pension scheme and paid £0.9 million during the year. Many companies carry defined benefit pension scheme deficits and ours is relatively modest. The accounting deficit on our balance sheet increased from £0.4 million to £2.7 million at the end of the year despite these contributions. The increase in liability was mainly due to the discount rate used on scheme liabilities

which is based on corporate bond yields. We continue to keep the scheme performance under review.

At the year end we held treasury shares with a book value of £0.4 million in order to satisfy employee share option schemes, which had been bought at an average price of £1.87 per share, equating to 226,975 shares, having used 3,407 during the year. In addition, we also hold 234,523 shares in The Portmeirion Employees' Share Trust. These shares have a book value of £2.7 million, having been bought at an average cost of £11.58 each. The balance of these shares did not move during the year.

Goodwill and intangible assets on our balance sheet largely represent the value of the acquired brands of Spode, Royal Worcester, Wax Lyrical and Nambé, as well as computer software investment including our online webstore and associated infrastructure. The balance of intangible assets reduced during the year due to the amortisation charge on these assets.

## Treasury and risk management

The impact of transactional currency flows on the Group's profit is not material due to the natural matching of revenue and costs across our global businesses. We anticipate that the recent strengthening of sterling against both the US dollar and euro will have no material impact on Group profit.

When any anticipated exposure arises, our policy is to use appropriate hedging instruments to mitigate that risk. We have a robust approach to managing risk to deliver our strategy as explained on page 22.



**David Sproston**

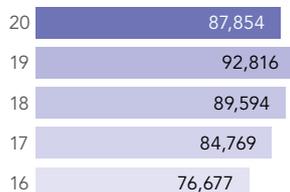
Group Finance Director

17 March 2021

## Key Performance Indicators

Revenue (£'000)

# £87,854



Group revenue declined by 5.3% in the year, largely due to the impact of the Covid-19 pandemic which affected sales in most of our major markets.

### Why we measure it

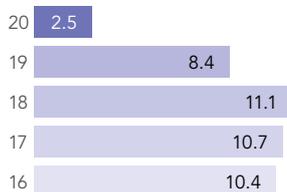
Revenue growth is the key driver of business performance and profit growth.

Link to strategy



Headline operating profit margin (%)

# 2.5%



The Group's operating margin fell to 2.5% during 2020 as a result of Covid-19, which led to a reduction in sales and operating disruption.

### Why we measure it

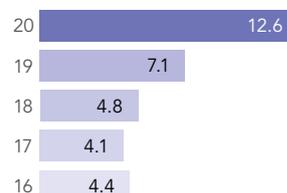
Operating margin compares all operating costs incurred against total revenue, which allows the Group to assess how effective it has been at converting costs into revenue.

Link to strategy



Own ecommerce sales as a percentage of total sales (%)

# 12.6%



The trend for growth in online sales accelerated rapidly during the Covid-19 retail lockdowns, and the Group saw significant growth on both our UK and US websites.

### Why we measure it

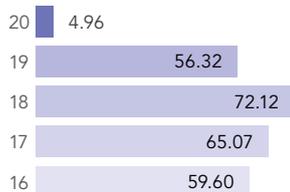
Part of the Group's strategic aim is to grow our own ecommerce platform sales as a percentage of total sales, which translates into both improved gross and operating margins.

Link to strategy



Headline basic EPS (p)

# 4.96p



In 2020 the Group's headline profit before tax fell due to the impact of the Covid-19 pandemic, with a resulting fall in EPS.

### Why we measure it

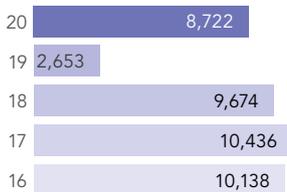
Earnings per share is a shorthand measure of profitability, as it divides the post-tax profit in the year by the number of active shares in issue. As a listed business, this allows comparability between the Group and other listed companies.

Link to strategy



Operating cash generation (£'000)

# £8,722



The Group's operating cash generation was strong during the year, with working capital improving by £3.7 million to deliver an improved cash position.

### Why we measure it

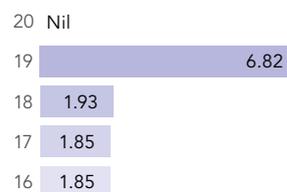
Operating cash generation demonstrates the Group's ability to ensure operating profit is translated into operating cash, and that working capital is appropriately controlled in order to ensure sufficient cash is available to provide a return to shareholders.

Link to strategy



Dividend cover (x)

# Nil



Due to the Covid-19 pandemic, no dividends have been paid or proposed in relation to the 2020 financial year.

### Why we measure it

Dividend cover shows the extent to which profits exceed dividends paid. The Board remains committed to ensuring there is an appropriate level of dividend cover to provide a sustainable return to shareholders.

Link to strategy



#### Key to strategy

- 1 Focused brand and product development
- 2 Digital and online transformation
- 3 Continued focus on South Korean market
- 4 Leverage Wax Lyrical and Nambé opportunities
- 5 Target rest of world export growth
- 6 Operating and procurement efficiency and capabilities



## Going Concern and Outlook

### Going concern

The business activities of the Group, its current operations and factors likely to affect its future development, performance and position are set out in the Chief Executive's Statement on pages 8 to 11 and in the Financial Review on pages 24 and 25. In addition, note 33 on pages 94 to 97 includes an analysis of the Group's financial risk management objectives, details of its financial instruments and hedging activities and its exposures to credit and liquidity risk.

The Group has a formalised process of monthly budgeting, reporting and review, and information is provided to the Board of Directors in order to allow sufficient review to be performed to enable the Board to ensure the adequacy of resources available for the Group to achieve its business objectives.

At the year end the Group had net cash of £0.7 million (comprising cash and cash equivalents of £11.6 million less borrowings of £10.9 million) and, as disclosed in note 25 on page 88, had unutilised bank facilities with available funding of £15.0 million. Operating cash generation was strong during the year at £7.2 million (2019: operating cash used of £0.6 million).

The Group sells into over 70 countries worldwide and has a spread of customers within its major UK and US markets with adequate credit insurance cover in export markets where required. The Group manufactures approximately 42% of its products and sources the remainder from a range of third-party suppliers.

The trading performance of the Group was impacted during 2020 by the Covid-19 pandemic, but despite the non-essential retail closures the Group continued to see strong demand for our products and experienced significant growth in sales made via online channels. Whilst there is potential for future disruption from the pandemic, the Group is well diversified and retains a strong balance sheet with significant funding headroom available.

The Group has also produced a sensitivity analysis to its cash flow forecast based upon current trading conditions to allow for further potential impact of Covid-19; this demonstrated the Group still has sufficient headroom within borrowing facilities.

After making enquiries and reviewing budgets and forecasts for the Group, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

### Outlook

We continue to monitor the impact of the Covid-19 pandemic on all parts of our business. Like many, Covid-19 has significantly disrupted our business and there continues to be disruption in key sales markets and international supply channels in the first quarter of 2021 due to national and local lockdowns.

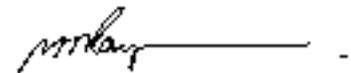
However, the strong growth we have experienced in online sales channels has mitigated much of the impact of retailer shutdowns and we are pleased by the improving trend of sales performance we saw in the second half of 2020. Encouragingly, we have continued to see this improving trend in the first quarter of 2021 and therefore remain confident of returning to sales growth in 2021.

We have a strong balance sheet, a well-invested business and a clear strategy which we believe will enable us to prosper in the medium to long-term.



**Dick Steele**

Non-executive Chairman



**Mike Raybould**

Chief Executive

17 March 2021

## Board of Directors and Company Secretary



R  
A  
N

### Dick Steele

Non-executive Chairman

Responsible for leading the Board and promoting communication with shareholders. He is a Fellow of the Institute of Chartered Accountants in England and Wales and also a member of the Institute of Taxation.

#### Other appointments

Non-executive Director of the Quoted Companies Alliance, Non-executive Chairman of Country Baskets and Trustee of Haig Housing Trust.

#### Key skills



R  
A  
N

### Andrew Andrea

Non-executive Director

A qualified Chartered Accountant. He has a wealth of experience gained in financial and commercial roles across diverse businesses including brewing, hospitality and retailing.

#### Other appointments

Andrew is currently the Chief Financial Officer and Corporate Development Officer for Marston's PLC, a leading independent brewing and pub retailing business. Prior to joining Marston's he worked in various roles with Guinness Brewing Worldwide, Bass Brewers Limited and Dollond & Aitchison.

#### Key skills



R  
A  
N

### Clare Askem

Non-executive Director

Appointed to the Board on 4 August 2020 and contributes a wealth of experience in business change and digital transformation.

#### Other appointments

Clare is Non-executive Director of Studio Retail Group PLC. She has previously held executive roles at Sainsbury's (including being the Managing Director of Habitat), Home Retail Group plc and Dixons PLC.

#### Key skills



### Jacqui Gale

Chief Commercial Officer

Appointed to the Board on 4 August 2020 and is responsible for the Group's brand strategies and growth plans for the UK and ROW markets. She is also Managing Director of Wax Lyrical Limited, the Group's home fragrance division. Before joining the Group, Jacqui was Chief Executive Officer for Arran Sense of Scotland, Falk & Ross Group and for the Europe, Middle East and Africa (EMEA) region for Crabtree & Evelyn.

#### Other appointments

Jacqui is Chief Executive Officer of JG International Ltd.

#### Key skills



### Mick Knapper

Operations Director

Responsible for Portmeirion UK's sourcing, production, information systems, human resources and logistics functions. Mick joined the Group in 1998 and has been a member of the board of the Company's main operating subsidiary, Portmeirion Group UK Limited, since 2011.

#### Other appointments

None.

#### Key skills



### Bill Robedee

President of North America

Appointed to the Board on 28 August 2020 and is responsible for growing the Group's key sales markets in the US and Canada. Bill continues to head up the Portmeirion North America division. Before joining Nambé as Chief Executive Officer in 2014, Bill was Chief Legal Officer at Lenox Holdings Inc. and General Counsel at Waterford Wedgwood Royal Doulton.

#### Other appointments

None.

#### Key skills





R  
A  
N

## Angela Luger

Non-executive Director

Contributes general management experience with retail, digital and customer focus.

### Other appointments

Angela is Chair of The Paint Shed Holdings Limited and Non-executive Director of ScS Group plc, The Hiring Hub Holdings Limited and New Look Retail Holdings Limited. Formerly, she held positions as Non-executive Director of Distribuidora Internacional de Alimentacion, S.A. (DIA Group) and Manchester Airport Group. Her previous executive positions included Chief Executive of N Brown plc, CEO of The Original Factory Shop Limited and senior executive positions at Debenhams PLC, ASDA Group Limited and Mars Corporation.

### Key skills



## David Sproston

Group Finance Director

Responsible for all aspects of financial control and sits on all subsidiary boards. David is a qualified Chartered Accountant and joined the Group from Deloitte in 2008. He was previously Group Financial Controller and Finance Director of Portmeirion Group UK Limited, the Group's main trading subsidiary.

### Other appointments

None.

### Key skills



N

## Mike Raybould

Chief Executive

Oversees the Group's business and is responsible for formulating the Group's objectives and strategy. Mike is a qualified Chartered Accountant and was previously the Group Finance Director. Before joining the Group, he was the Chief Financial Officer of the Europe, Middle East and Africa (EMEA) Floorcare Division of Techtronic Industries Company Limited, a public company listed on The Stock Exchange of Hong Kong Limited.

### Other appointments

None.

### Key skills



## Moira MacDonald

Company Secretary

A Fellow of The Chartered Governance Institute (ICSA). Prior to joining the Group as Deputy Group Secretary in 2007, Moira was Assistant Company Secretary at Legal & General Group plc and at BPB plc.

### Other appointments

None.

### Key skills



## Essential skills and experience our Board delivers:



Strategy and leadership



Brand and product development



Operational expertise



E-commerce, sales and marketing



Technology development



Risk management



Financial



Governance and legal



Mergers and acquisitions

## Committee key

**R** Remuneration Committee

**A** Audit Committee

**N** Nomination Committee

**●** Denotes Committee Chairman

# Corporate Governance Statement



## Dick Steele

Non-executive Chairman

## Chairman's introduction

### Dear shareholder,

The Board is committed to ensuring high standards of governance for the Company and considers that the Quoted Companies Alliance Corporate Governance Code 2018 (the "QCA Code") provides the most appropriate framework of governance arrangements for a public company of our size and complexity. We have complied with all principles of the QCA Code throughout the year.

The Board remains committed to effective corporate governance as the basis for promoting the long-term growth and sustainability of the business for the benefit of our shareholders and wider stakeholders. As Chairman of the Board, I am responsible for ensuring that the Company has corporate governance arrangements in place which are appropriate for the size and complexity of the Company and that these arrangements are followed in practice. We are committed to delivering growth in the long term, building trust through open dialogue and maintaining a dynamic management framework.

We have sought to ensure that we have a dynamic governance environment which allows the business the opportunity to thrive in the long term, where the Group works towards its agreed strategy mindful of its impact on others and the threats and opportunities faced but is confident in its

robust system of risk management and internal control. An environment where open dialogue is encouraged to build trust and ensure the legitimate motivations and expectations of both shareholders and stakeholders are recognised and met and where a diverse, skilled Board sets the culture of the Company by supporting the Group's vision and values.

Whilst we have chosen to apply the QCA Code, we also continue to have regard to the UK Corporate Governance Code 2018 (the "UK Corporate Governance Code") as best practice guidance and seek to comply with the UK Corporate Governance Code wherever this is appropriate for the Company. As a Board, we are committed to providing the robust leadership and oversight of the business required in setting and monitoring the Company's culture to ensure that behaviours align with our purpose, values and strategy. The Board is very aware that the tone and culture set by the Board will greatly impact all aspects of the Group as a whole and the way that employees behave. We have a number of policies and procedures in place to ensure the culture the Board wants to foster is embedded throughout the business. Further information can be found within the Our Sustainability section on pages 35 to 39. A healthy corporate culture is promoted within the business in various ways including by linking employees' appraisal objectives and reward and recognition schemes to our vision and values. The Board assesses the culture of the Company through engagement with employees and other stakeholders (further details can be found in the Stakeholder Engagement section on page 21), the monitoring of the development of risks to the business and the external awards and accreditations we receive from organisations such as Investors in People. The Board is satisfied that a culture of openness, honesty and integrity exists within the business and is one that is consistent with our vision to be a leading force in the global homeware sector. Our business model and mitigation of our principal risks rely on positive relationships with key stakeholders which can only occur if a culture of openness and integrity exists. We promote knowledge of our whistle-blowing

policies with employees and suppliers to ensure such openness is always available.

Our governance framework is kept under review. There have been no significant corporate governance challenges in 2020. Whilst Covid-19 has clearly brought operational challenges, the Group has managed these in an exemplary way and our corporate governance has not faltered.

Maintaining a skilled, well-balanced and experienced Board is of fundamental importance to the long-term success of the business. During 2020, there were a number of changes to the Board. Two of our Non-executive Directors resigned during the year; Janis Kong at the AGM on the 19 May 2020 and Lawrence Bryan on 4 August 2020. Clare Askem joined us as a Non-executive Director on 4 August 2020, strengthening the Board with her experience in business change and digital transformation. Also, on 4 August 2020, the Group was delighted to welcome Jacqui Gale to the Board as Chief Commercial Officer and on 28 August 2020 Bill Robedee as President of North America. Jacqui has been with the Group as the Managing Director of Wax Lyrical Limited, the Group's home fragrance division, since 2018. Bill joined us as part of the Nambé LLC acquisition in 2019 and integrated the Group's two US businesses over the prior 12 months. Phil Atherton resigned as Group Sales & Marketing Director on 3 August 2020.

We currently have four Non-executive Directors alongside five Executive Directors. We have in place a Board that is extremely capable, energetic and focused on delivering our strategy for the benefit of all our stakeholders. We are of the view that the Board is a balanced team with constructive scrutiny and challenge from the Non-executive Directors.



## Dick Steele

Non-executive Chairman

17 March 2021



## Corporate Governance Statement

This statement describes key features of the Group's corporate governance framework, the work of the Board, its Committees and management, and how we have applied our chosen corporate governance code, the QCA Code.

## Delivering growth in the long term

As explained fully within our Strategic Report on pages 1 to 27, our strategy is focused around six key areas: focused brand and product development, digital and online transformation, continued focus on South Korean market, leveraging Wax Lyrical and Nambé opportunities, targeting rest of the world export growth and operating and procurement efficiency and capabilities. How the Company's corporate governance arrangements support our strategy is detailed within the Our Strategy section on pages 16 and 17. Information on our business model can be found on pages 14 and 15.

## Risk management and internal controls

As with all companies, the Group faces challenges in the execution and delivery of its strategy and business model. The environment in which the Company operates is continually changing and evolving which presents both opportunities and risks. To ensure the Company can capitalise on these developments whilst protecting the Group from significant risk, the Company has a comprehensive risk management and internal control system in place. Details of the Group's principal risks and how these are addressed can be found on page 23 of the Strategic Report.

The process by which the Board identifies, assesses and mitigates external business risks and principal internal control risks and how the Board gains assurance that the risk management system is effective is detailed in the Risk Management section on page 22.

The Board has an established internal control system for identifying internal control risks. As might be expected in a Group of this size, a key control procedure is the day to day supervision of the business by the Executive Directors, supported by the senior managers with responsibility for key operations. The Executive Directors are involved in the budget setting process, constantly monitor key performance indicators and review management accounts on a monthly basis, noting and investigating major variances. Where a new risk is identified, it will be assessed and then mitigated through the implementation of an appropriate control.

The adequacy of the systems for internal control is reviewed at every Board meeting. Furthermore, the Audit Committee reviews the adequacy and effectiveness of the Group's internal controls and reports its findings to the Board on an annual basis. During the course of these reviews in 2020, no failings or weaknesses were identified nor have any been advised to the Board which the Board has determined to be significant.

The Group's system of internal control is designed to identify fraud or material error and manage, rather than eliminate, the risk of failure to achieve business objectives, and so can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has considered the impact of the values and culture of the Group and ensures that, through staff communication and training, the Board's expectations and attitude to risk and internal control are embedded in the business.

## Building trust through open dialogue

Understanding the motivations and expectations of our shareholders and stakeholders is imperative. The Board acknowledges that effective engagement can only be realised through:

- the opportunity for all shareholders and stakeholders to feed back their views to the Company based upon their understanding of the Group's strategy and objectives; and
- the presentation of a fair, balanced and understandable assessment of the Group's position and prospects.

During 2020, the Group made significant progress in a number of key areas as set out in Our Strategy and Our Strategy in Action sections on pages 16 to 19 despite the challenges of Covid-19. Throughout the year, the Board was committed to ensuring that both shareholders and stakeholders were regularly updated on the Group's progress.

## Shareholder engagement

A programme of two-way communication with both institutional and private investors takes place each year.

The Group provides information about its progress and strategy through its Annual and Interim Reports and Accounts, trading updates, results presentations and investor roadshows. Investor site visits allow shareholders to learn more about the operation of the business. Key announcements are made through

the London Stock Exchange Regulatory News Service and on the Announcements section of the Company's Investor Relations website. The Chief Executive engages with retail investors through the Investor meets Company forum.

The Chairman, with the support of the Chief Executive and Group Finance Director, is responsible for shareholder liaison. The Chairman talks regularly with the Group's major shareholders and ensures that their views are communicated fully to the Board. The Chairman writes annually to significant shareholders offering a meeting to discuss corporate governance matters. No concerns were raised following this communication in 2020. The Non-executive Directors are also offered the opportunity to attend meetings with major shareholders.

The Board recognises the Annual General Meeting (AGM) as an important opportunity to meet private shareholders and, as such, normally, all Directors are and will be in attendance. The Directors are available to listen to the views of shareholders informally immediately following the AGM. If voting decisions at the AGM are not in line with the Company's expectations the Board will engage with those shareholders to understand and address any issues. The Chairman and the Company Secretary are the main points of contact for such matters. At the AGM held on 19 May 2020, all resolutions were passed with a significant majority.

Due to the unprecedented uncertainty facing businesses around the world from Covid-19, there was no final dividend recommended for 2019 or interim dividend declared for 2020. The Board understands that dividend income is important to our shareholders and is committed to resuming sustainable dividend payments as soon as it is appropriate to do so. On the basis the trading environment continues to demonstrate a sustained return to normality, the Board anticipates recommending dividend payments for the financial year 2021.

## Stakeholder engagement

Our programme of stakeholder engagement is designed around our assessment of the materiality and impact of our stakeholders on the achievement of the Company's strategy. Our key stakeholders have been identified via an assessment of the Group's business model. Please refer to Stakeholder Engagement on page 21 which forms part of this statement.

## Corporate Governance Statement continued

### Investor communications strategy throughout the year

#### January

Trading update

#### February

Governance letter to institutional and larger shareholders

#### March

Full-year results announcement

Investor presentation available on website

Investor meets company engagement for retail investors

#### April

Annual report and accounts delivered to shareholders and available on website

#### May

Trading update

Annual General Meeting

#### September

Interim Results Announcement

Investor presentation available on website

Interim Report delivered to shareholders and available on website

#### Throughout the year

Updates to corporate website at [www.portmeiriongroup.com](http://www.portmeiriongroup.com)

### Maintaining a dynamic management framework

#### Board composition and roles

The Board is responsible for the overall leadership and management of the Group. The Board comprises five Executive Directors and four Non-executive Directors. Biographies of all the Directors appear on pages 28 and 29.

Dick Steele, the Non-executive Chairman, is responsible for leadership of the Board and ensuring its effectiveness in all aspects of its role. The Board has not appointed a Senior Non-executive Director. The Board believes that, given its size, there is sufficient opportunity for shareholders to raise any concerns they may have with the Non-executive Chairman, the Chief Executive, the Group Finance Director, the other three Non-executive Directors or the Company Secretary.

The Board delegates day to day responsibility for managing the business to the Executive Directors and the senior management team. Mike Raybould, the Chief Executive, has executive responsibility for running the Group's business and implementing Group strategy. To ensure suitably defined separation of the responsibilities of the Board and the running of the Group's business, the Board has a formal schedule of matters reserved to it (available on the Company's website at [www.portmeiriongroup.com](http://www.portmeiriongroup.com)). The schedule is reviewed annually and updated when necessary to ensure its appropriateness.

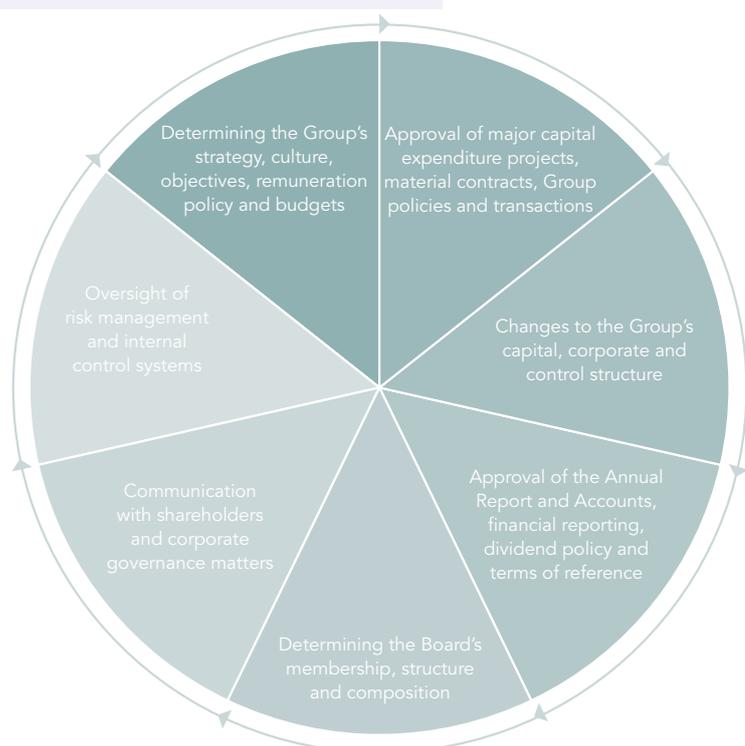
### Board Committees

The Board has three Committees which assist in the discharge of its responsibilities – the Audit, Remuneration and Nomination Committees. The terms of reference for each Committee are reviewed annually and are available on the Company's website at [www.portmeiriongroup.com](http://www.portmeiriongroup.com).

### Independence

The expertise and wealth of experience from across different industries which are brought by our Non-executive Directors is considered invaluable to the Company. The Board, after careful review, considers that each Non-executive Director is independent and brings an unbiased critical insight, gained from their experience in high performing companies completely distinct to our own, to bear notwithstanding their length of service. The Board has considered the need for progressive refreshing of the Board in formulating this view. All Non-executive Directors have contracts which expire on the completion of one year's notice. These are available for inspection at the Company's registered office and at the AGM. Whilst the Company's Articles of Association require retirement by rotation every three years, the Board has decided to adopt voluntarily the practice that all continuing Directors stand for re-election on an annual basis in line with recommendations of the UK Corporate Governance Code. All Directors undergo a performance evaluation before being proposed for election/re-election to ensure that their performance is and continues to be effective, that where appropriate they maintain their independence and that they are demonstrating continued commitment to the role. Further details of the Board evaluation process can be found on page 34.

For a Board to be successful, it must make decisions which are in the best interests of the Company without reference to the interests of the Directors. In line with the requirements of the Companies Act 2006, the Directors have put in place a policy and process for notifying and recording the nature and extent of their interests, together with those of connected persons, in organisations and companies outside the Group. Each Director must formally notify the Company if there is potential for these interests to conflict with their duties as a Director of the Company. All such notifications are regularly reviewed by the Board.



## Maintaining a dynamic management framework continued

### Time commitments and meetings

All Non-executive Directors are expected to devote such time as is necessary for the proper performance of their duties. This includes considering all relevant papers before each meeting and attendance at a minimum of five Board meetings per year, the AGM and such other meetings which are necessary. The Nomination Committee annually reviews the time required from Non-executive Directors, which includes assessing whether sufficient time is being spent by the Non-executive Directors to fulfil their duties.

All Directors receive regular and timely information on the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings. In addition, minutes of the meetings of the Directors of the main operating UK subsidiary, Portmeirion Group UK Limited, are circulated to the Board.

### Skills and experience

Details of each Director's skills and experience can be found in the biographies of the Directors on pages 28 and 29. The requirement for the Board to have an appropriate mix of personal qualities (including diversity and gender balance) and capabilities is considered in respect of new Board appointments (further details can be found in the Nomination Committee Report on pages 42 and 43), as part of the

Board evaluation process and when addressing training and development needs of Directors.

All Directors have direct access to the advice and services of the Company Secretary and are able to take independent professional advice in the furtherance of their duties, if necessary, at the Company's expense. The Company Secretary's role includes providing guidance to the Board on its duties and ensuring that the Board complies with relevant legislation and the Articles of Association of the Company.

External advice was sought in relation to the Placing, Subscription and Open Offer which was approved by shareholders on 29 June 2020 and in relation to operational matters.

The following table shows the attendance of the Directors at meetings of the Board during 2020:

	Board
<b>Total meetings held<sup>(1)</sup></b>	● ● ● ● ●
<b>Meetings attended</b>	
<b>R.J. Steele</b> (Non-executive Chairman)	● ● ● ● ●
<b>M.T. Raybould</b> (Chief Executive)	● ● ● ● ●
<b>A.A. Andrea</b> (Non-executive)	● ● ● ● ●
<b>C.V. Askem</b> (Non-executive) (appointed 4 August 2020)	● ●
<b>P.E. Atherton</b> (Group Sales and Marketing Director) (resigned 3 August 2020)	● ● ●
<b>L. Bryan</b> (Non-executive) (resigned 4 August 2020)	● ●
<b>J.M. Gale</b> (Chief Commercial Officer) (appointed 4 August 2020)	● ●
<b>M.J. Knapper</b> (Operations Director)	● ● ● ● ●
<b>J. Kong</b> (Non-executive) (resigned 19 May 2020)	● ● ●
<b>A.L. Luger</b> (Non-executive)	● ● ● ● ●
<b>W.J. Robedee</b> (President of North America) (appointed 28 August 2020)	● ●
<b>D. Sproston</b> (Group Finance Director)	● ● ● ● ●

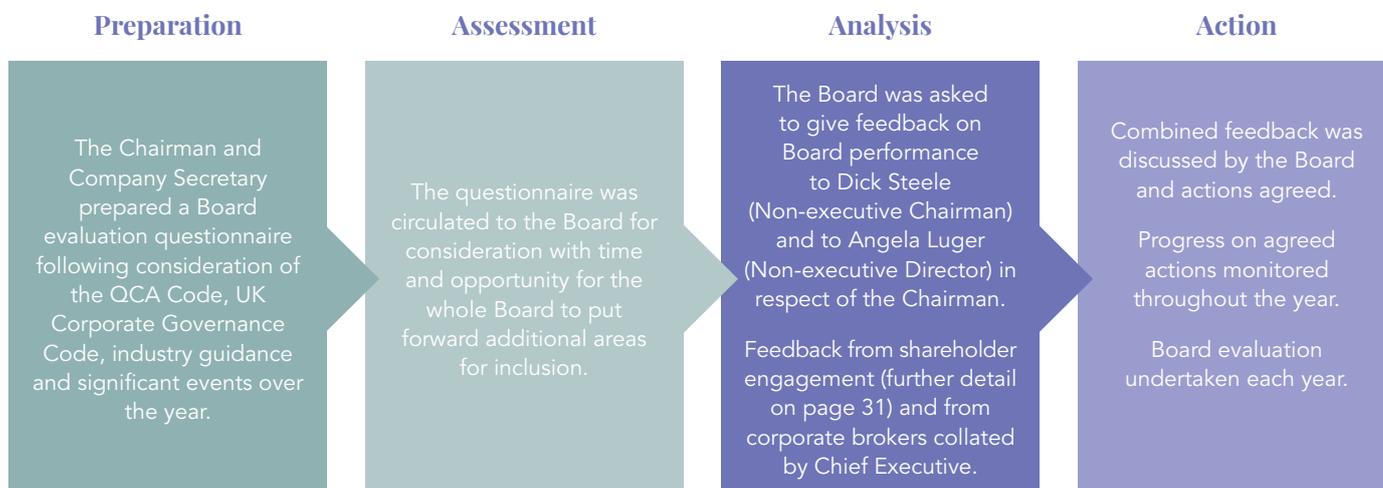
Notes:

- (1) During the year additional Board meetings were held principally to approve the appointment of C.V. Askem, J.M. Gale, W.J. Robedee, the acquisition of the remaining 50% of Portmeirion Canada Inc. and the equity raise.

## Corporate Governance Statement continued

### Maintaining a dynamic management framework continued

#### Board evaluation process



#### Board effectiveness

Each year the Board carries out an evaluation of its own performance in the first quarter looking at performance in the prior year. All recommendations arising from the Board's evaluations of its performance in 2019 have been addressed.

As part of the evaluation of 2020 performance, each Director reviewed Board performance against set criteria covering areas such as the Board's approach to risk, the effectiveness of each Director and Board communication, as well as reviewing Board performance in respect of key events in 2020.

Specific actions arising from the evaluation were:

- (i) an analysis of how the Board had reacted to the challenges of Covid-19 and any learnings therefrom;
- (ii) continue the successful separate strategy sessions; and
- (iii) changes to the Chair of the Nomination and Remuneration Committees.

Following the evaluation, the Board is satisfied that it has a good balance of experience and skills, which allows both strong collaborative working and robust challenge.

Each year, the Board also considers the need for an external evaluation of its

performance. No external evaluation was conducted in 2020.

The Audit Committee, Remuneration Committee and Nomination Committee's performance is considered annually as part of the Board evaluation process outlined above. Furthermore, the terms of reference for each Committee are reviewed on an annual basis against good practice and appropriate guidelines. As part of this review, the Committees assess their performance to ensure they have fulfilled the responsibilities outlined in the terms of reference. Each Committee concluded that it had performed effectively during the year and there were no specific actions arising from the evaluations.

#### Induction, training and development

Key to the effectiveness of Board decision making is a detailed understanding of the homework market, our history and products, the operating environment, relevant legislation and regulation to which the Group is subject and the challenges the Group faces.

All new Directors undertake a comprehensive induction process following their appointment to the Board. The induction would usually consist of main factory and distribution centre tours, full briefings on the operation and history of the business, the role of the Director and the operation of the Board together with meetings with the senior management team and Executive Directors.

Existing Directors are provided with ongoing training, as necessary, by the Company to ensure they have the requisite skills to discharge their duties. During 2020, the Board received updated anti-corruption and bribery training and the Executive Directors update training on data protection and modern slavery. Tailored Director briefing notes are provided throughout the year. All Directors are encouraged to attend relevant external training, seminars and conferences to facilitate their continuing professional development. Where specific training needs are identified, including as a result of the Board evaluation process and individual Director appraisals, the Company will organise the relevant training. The Company Secretary supports the Chairman in addressing the training and development needs of Directors.

#### Approval

This report was approved by the Board and signed on its behalf by:



#### Dick Steele

Non-executive Chairman  
17 March 2021

## Our Sustainability

# Developing our framework for ethical and sustainable business

We strive to do business ethically and sustainably – for our shareholders, the environment, our people, our customers, our suppliers and the communities we operate in. We see engagement with our stakeholders as a vital tool to ensure that our commitment to ethical and sustainable business is translated into the actions of the Group.

### Environment

The Group is dedicated to being environmentally responsible through our commitment to eliminate waste and wasteful practices. We strive for operational excellence whilst reducing environmental impact.

Policies are designed and implemented to minimise any damage that might be caused by the Group's activities. Initiatives to reduce the Group's potential impact on the environment include the recycling of manufacturing waste, reducing carbon emissions and utilisation of recyclable packaging materials. Both Portmeirion UK and Wax Lyrical have dedicated Green Teams who have implemented various programmes to encourage recycling within their offices and reduce energy consumption.

Efficient use of resources is important to the Group. Products are designed and production processes formulated to target high manufacturing yields, which in turn optimises the utilisation of resources. Portmeirion UK's products in particular are designed to achieve a long "product life cycle" so that they need only be replaced after a lengthy period of time. Other measures include the safe disposal of manufactured waste, energy recycling and reducing the amount of disposable plastic used in packaging.

We fully appreciate the quality and safety responsibilities to our customers and to consumers who use our products. We also take environmental responsibilities seriously and, where possible, work with customers and accredited ecological bodies to reduce potential environmental impact.

## Reducing impact

None of the Group's products are tested on animals.

Our reed diffusers use a natural blend which means the fragrance lasts longer and its carbon footprint is reduced.

### Streamlined Energy & Carbon Reporting (SECR)

From this year, the Group will begin disclosing its annual UK energy use, associated greenhouse gas (GHG) emissions and information relating to its energy efficiency action, in accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

The table below details the energy and GHG emission sources for the year ended 31 December 2020 for both Portmeirion Group UK Limited and Wax Lyrical Limited.

Whilst there is no regulatory requirement to report carbon and energy information of Wax Lyrical, we are committed to full transparency in reporting and adhering to best practice as well as fully understanding any potential environmental impact with the aim of minimising it wherever possible. The data covers two manufacturing sites, two warehouse facilities and one retail site in the UK.

### UK GHG Emissions and Energy Use Data for the period 1 January 2020 to 31 December 2020

	Year ended 31 December 2020
<b>Energy consumption used to calculate emissions</b>	<b>kWh</b>
Electricity	6,211,600
Natural gas	33,857,530
Transport	286,747
<b>Total energy consumption (kWh)</b>	<b>40,355,877</b>
	<b>Year ended 31 December 2020</b>
<b>Emissions</b>	<b>tonnes CO<sub>2</sub>e</b>
<b>Scope 1 emissions</b>	
Natural gas	6,942.1
Company owned/leased vehicles	58.2
<b>Scope 2 emissions</b>	
Electricity	1,448.2
<b>Scope 3 emissions</b>	
Employee owned car travel (grey fleet)	11.6
<b>Total SECR emissions (tonnes CO<sub>2</sub>e)</b>	<b>6,532</b>
Intensity metric: tonnes of CO <sub>2</sub> e per tonne of saleable product	<b>2.25</b>

## Our Sustainability continued

### Streamlined Energy & Carbon Reporting (SECR) continued

#### SECR Methodology Statement

The methodology to calculate energy and GHG emissions data is in accordance with the GHG Reporting Protocol – Corporate Standard and SECR guidelines.

The following data sources have been used for the report:

- Electricity – metered kWh consumption taken from supplier invoices;
- Transport Scope 1 – emissions have been calculated based on mileage expense claim records and relevant UK Government GHG conversion factors depending on fuel type and assumption of medium sized car; and
- Transport Scope 3 – emissions have been calculated based on mileage expense claim records and average UK Government GHG Conversion factors and assumption of medium sized car.

#### Energy Efficiency Action

The Group will continue to recycle its main waste streams: off specification product, plaster of Paris moulds, glass, paper, cardboard and water, as appropriate.

Wax Lyrical remains an active member of the Environmental Resource Forum with our Health, Safety and Environment Manager currently being Chair of the Forum. The Forum members represent a wide range of industries within the Furness and South Cumbria area committed to sustainable waste management, improved environmental performance and increased energy efficiency.

Nearly 60% of the energy used at Wax Lyrical's production site in Cumbria during 2020 was provided by wind turbine; supplying 545,256 kWh of "green" electricity and preventing generation of 191.65 tonnes of carbon dioxide emissions. During 2020, Wax Lyrical installed new boilers on site and reduced unnecessary pipework to reduce energy demands.

At our Portmeirion UK manufacturing site, a change in production method during 2020 allowed product to be processed through our jubilee gas powered kiln leading to the mothballing of electric kilns and a £52,000 saving on energy consumption. We were also successful in the introduction of a glaze with improved firing properties that lead to the reduction of firing temperatures of the glost kilns. This resulted in an



Pictured: Wind turbine in background of Wax Lyrical's production site.

average 35 degree Celsius reduction across two kilns, removal of 7 x 2.5kw burners from use, reduction of cycle time and increased throughput. All these initiatives have contributed to our commitment to reduce energy usage.

# 100%

of our waste clay and glaze at our Portmeirion UK Stoke-on-Trent site is reused within our manufacturing processes. Colour, glaze and clay is unleaded.

of the wood used in our Pimpernel placemat and coaster products are FSC sourced.

of our lighting at our Portmeirion UK Stoke-on-Trent manufacturing plant and head office is LED.



Pictured: Portmeirion UK has reduced firing temperatures on its glost kilns.

## Social

The lifeblood of our business is our people. We have an open culture in the business achieved from effective employee engagement, people development and diligent resource management. We are a caring employer with an excellent health and safety record, fair and balanced equality policies, a wide diversity in our workforce and management structures and a consultative approach with our people. The way that we have dealt with the Covid-19 pandemic is testimony to our people based approach.

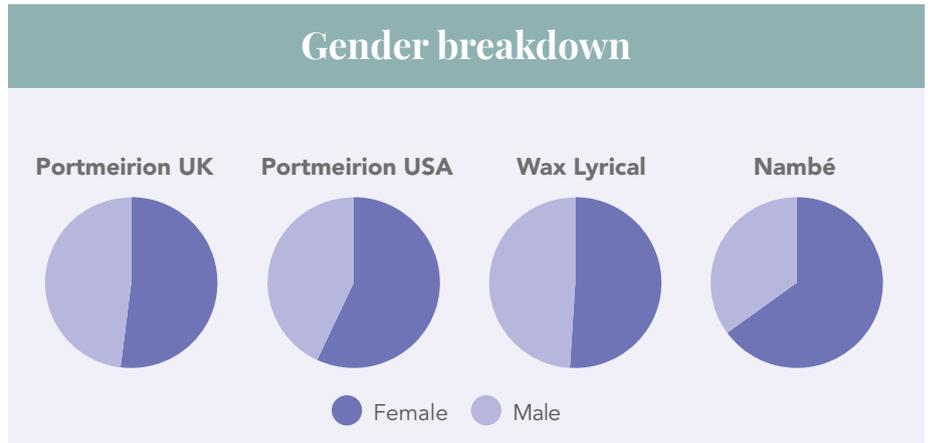
Growing our business generates opportunities for our employees and creates value for our shareholders. Our focus is to create a safe and high-performance culture through effective employee engagement, excellence in people development and diligent resource management.

The Group's performance and its success within our marketplace are directly related to the effectiveness of our people, who deliver the high-quality products and provide the exceptional service that we are renowned for. The Group aims to attract, retain and motivate the highest calibre of employees.

During 2020, we were extremely proud of our teams throughout the world who responded admirably to the challenges of Covid-19. We reacted to implement new Covid-19 secure protocols, policies and practices; immediately put in place home working where suitable and adapted our sites to make them secure including by erecting safety screens, providing personal protective equipment and strict operational guidelines. Our social distancing ambassadors have supported our policies and procedures to ensure all measures have and are being adhered to consistently. Our priority was and remains the health and safety of our staff, customers and suppliers. In November 2020, Portmeirion UK was visited by a HM Specialist Inspector of Health and Safety (Health & Safety Executive) who conducted a full onsite inspection on the steps that we had taken to ensure that our factory, office and warehouse were Covid-19 secure. We were rated at 'sustained compliance' and commended for the innovative work that had taken place at our manufacturing site with photographs being taken by the Inspector as examples of best practice.

## Diversity

We recognise and value all forms of diversity in our employees and endeavour to promote a culture of inclusiveness in our workplace to enhance the success of our business. We have a Diversity Policy complementing our Equal Opportunities Policy.



## Gender split

As a Group we strive to eliminate any gender bias in our pay and employment policies and practices. We have a robust recruitment policy which stipulates that the Group will recruit, train and reward based on merit and provide opportunities for our employees to fulfil their ambitions regardless of gender or any other protected characteristic.

Portmeirion UK published its gender pay gap statistics in April 2020 which noted a mean pay gap of 12.4%, marking a reduction from 13.9% in April 2019.

## Training, development and wellbeing

Developing talent and supporting diversity across our business helps to ensure that we have the best teams motivated to deliver our goals. The Group provides a number of learning and development opportunities across all areas of the business to ensure that our employees have all of the necessary skills to competently perform their roles. Where possible, e-learning is utilised to provide training in a more interactive and time convenient manner. This has been particularly effective in a Covid-19 environment. Development opportunities include National Vocational Qualifications, professional development, first aid training and other specific job related training courses. Management development is offered through accredited qualifications in leadership and management.

Our commitment to health and safety is embedded in management training with a further ten Portmeirion UK managers completing their Institute of Occupational Safety and Health (IOSH) programme in 2020 and seven at Wax Lyrical completing the National Compliance and Risk Qualifications (NCRQ) Health and Safety for Managers level 3 course.

During 2020, Portmeirion UK had 27 team members undertake Apprenticeship programmes ranging from Level 3 to Level 7 Higher Level Apprenticeships. Wax Lyrical has 1 current Apprenticeship member at Level 4. This development is supported by workplace mentoring.

Investment in our people stretches beyond their careers to their wellbeing generally. Portmeirion UK is accredited for the Workplace Wellbeing Charter. Our commitment to the wellbeing of our people is demonstrated by support or providing access to support on wide ranging matters including pension planning, smoking cessation, health and wellness initiatives. During 2020 and 2021 as we all cope with the implications of a worldwide pandemic, we have been particularly conscious of the mental wellbeing of our employees and have provided particular support in this regard.

Within our manufacturing and distribution centres we aim to multi-skill employees so they can perform in a variety of roles to aid operational flexibility. We use training needs analysis and appraisals to highlight any skills gaps within our processes and to drive succession planning.

We are particularly proud of our succession planning with a number of promotions to the Portmeirion Group PLC, Portmeirion UK and Wax Lyrical Boards during 2020 and early 2021. Equally this planning has been efficient for senior management positions. Through 2020, we identified new roles needed to achieve our strategic growth plans.

# 100%

of our employees received training during 2020

## Our Sustainability continued

### Investors in People

Both Portmeirion UK and Wax Lyrical are officially recognised as Investors in People at gold level. This prestigious accreditation is recognised across the world as a mark of excellence and is true testament our commitment to employee engagement, health and wellbeing and skills enhancement.



### Recognition

Key to the retention of our employees is recognising and rewarding their hard work. Our reward strategy aims to provide a package that offers competitive pay and distinctive benefits. We are committed to paying the National Living Wage. Within the UK, all employees are offered membership of our group personal pension plans, which provide employer contributions for all members, and are included in generous life cover and healthcare policies. Portmeirion UK and Wax Lyrical operate employee recognition schemes including discretionary incentive schemes, VIP "family and friends" shopping promotions, retirement afternoon teas and long service awards.

During 2020, Portmeirion UK and Wax Lyrical recognised the long service of 14 employees. Unfortunately our annual ceremony has been postponed due to the pandemic as have our retirement afternoon teas but we look forward to celebrating our colleagues as soon as we safely can.

Our employee appraisal process involves performance measurement against a series of core objectives which are aligned to each operating unit's strategic aims.

Portmeirion UK operates Employee of the Month and Employee of the Year awards to recognise and celebrate employee successes. Having been Employee of the Month, Matthew Bailey won Portmeirion UK's Employee of the Year 2020 award for his dedication and commitment to helping us to achieve our vision. Employee of the Month and Team of the Quarter awards also continued at Wax Lyrical in 2020, enhancing our teamwork ethos.

### Health and safety

Portmeirion UK is committed to compliance with all relevant Health & Safety legislation. The Group promotes a positive health and safety culture throughout the business through safety programmes and learning opportunities to ensure that all of our people consider health, safety and welfare issues while at work and make an effective contribution towards maintaining and improving health and safety standards. This approach has seen year on year improvements in accident statistics. The Group continues with its aim to reduce accidents and provide a healthy workplace and working environment.

All new employees receive in-house health and safety training with further training undertaken as the employee role or need requires.

# 100%

of our manufacturing employees received health and safety training during 2020

Portmeirion UK and Wax Lyrical hold scheduled health and safety meetings which are attended by representatives from across the business. Health and safety performance, accidents, training and legislation are among the topics discussed. Minutes of these meetings are displayed on employee noticeboards.

The Group uses incident, hazard and near miss reporting to identify opportunities for improvement to drive a culture of positive behavioural safety across the business. Health and safety reporting at Board level is comprehensive and includes information on accident/incident statistics, results of audiometry testing, improvement plans, the outcome of health and safety audits as well as near miss reports so that focused priority is given to safety at the highest level. Benchmarking against industry standards is used to assess Portmeirion UK's health and safety performance.

### Engagement

One of the ways we measure employee engagement is by opinion surveys. Our surveys have consistently shown that our employees are happy to be working for the Group. Further information on how we engage with our employees can be found within the Corporate Governance Statement on pages 30 to 34.

### Community support

The communities where our operations are based are important to us and every employee has the opportunity to make a difference within our local communities through our charitable programmes.

We play an active part in our local communities and strive to make long lasting contribution to the socio-economic well-being of our local communities. Most of our financial contributions to charities come from the efforts and personal involvement of our employees, with support from the Board.

We are proud to have provided donations of products and hand sanitiser to local charities, the NHS and care homes during 2020, supporting our communities in the most testing of times.

Portmeirion UK's employee-chosen Charities of the Year for 2020 were the Douglas Macmillan Hospice, Arch and Approach. Portmeirion UK managed to raise just under £3,000 during the year for their chosen charities.

Portmeirion US and Nambé support local and national charities within the US in a number of ways including through the donation of products.

In 2020, St Mary's Hospice, North West Air Ambulance and MIND Furness were Wax Lyrical's chosen charities. Over £820 was raised through the dedicated support of Wax Lyrical's employees.



Pictured: Wax Lyrical Hand Sanitiser



## Governance

We are members of the Quoted Companies Alliance (QCA) and have continued to apply the QCA Corporate Governance Code, complying with its principles throughout 2020.

Corporate Governance Statement  
pages 30 to 34 >

## Ethics and human rights

The Group's established values underpin everything we do. Our vision to be a leading force in the global homeware sector will only be achieved through a culture of honesty, integrity and openness and by respecting human rights and the interests of our employees, customers and third parties.

We are committed to upholding human rights and have specific policies in this regard including our Modern Slavery Statement and Anti-bribery and Corruption Policy which are available on our website at [www.portmeiriongroup.com](http://www.portmeiriongroup.com).

Our strategy and business model, as well as mitigation of our principal risks and uncertainties, relies on positive relationships with our stakeholders. To ensure the maintenance of these relationships in line with our corporate culture, the Group has a suite of measures in place. For more information refer to page 21, Stakeholder Engagement.

## Relations with employees

The Group has a formal recruitment policy and comprehensive employee handbook which contains information on issues such as working hours and grievances. The Group also has policies for dealing with gifts, hospitality, bribery, corruption, modern slavery, whistle-blowing, freedom of association, conflicts of interest and inside information.

The Company maintains a reasonable and effective dealing policy setting out the requirements and procedures for Directors' and Applicable Employees. The Portmeirion Group Share Dealing Policy and Share Dealing Code were adopted by the Board on 19 November 2019 and we have continued to comply with the Dealing Code throughout 2020.

# 100%

of our employees received a personal letter from the Chief Executive to thank them for their loyalty and commitment to our business during the pandemic

## Relations with customers

The Group is committed to putting its customers at the heart of everything it does by providing safe, value for money, high quality products and developing and maintaining positive relationships. All employees are expected to behave respectfully and honestly in all their dealings with customers and the general public.

## Relations with suppliers

The Group expects its suppliers to adhere to business principles consistent with the Group's own. Suppliers are expected to adopt and implement acceptable health and safety, environmental, product quality, labour, human rights, social and legal standards in line with the Group's product supplier Code of Conduct. The selection of new suppliers will continue to be subject to them meeting high international standards of compliance. All suppliers are requested to complete pre-prepared compliance declarations. Conformance to standards is normally assessed by on-site audits at supplier's premises. Due to Covid-19 and consequential travel restrictions we adapted our processes for 2020 to virtual meetings and frequent contact with the suppliers.

The Group will either agree terms of payment with suppliers at the start of business or ensure that the supplier or contractor is aware of the Group's payment terms. Payment will be made in accordance with contractual or other legal obligations.

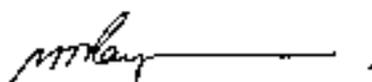
## Relations with third parties

The Group does not make political donations and charitable donations are made only where legal and ethical according to local law and practices.



## Dick Steele

Non-executive Chairman



## Mike Raybould

Chief Executive

17 March 2021



# Audit Committee Report



**Andrew Andrea**

Chair of the Audit Committee

## Dear shareholder,

On behalf of the Board, I am pleased to present the Audit Committee Report for the year ended 31 December 2020.

### Membership and meetings

Only members of the Audit Committee have the right to attend meetings. When appropriate and necessary, other Directors and representatives from the external auditors, Mazars LLP, attend meetings (in whole or in part) by invitation. Meetings are held no less than three times a year. There is at least one meeting per year (or part meeting) which the external auditors attend without the Executive Directors or management present.

### Experience of the Audit Committee

Biographies of each member of the Committee, including their skills and experience, can be found on pages 28 and 29. Dick Steele and I are considered to have recent and relevant financial experience. The Board believes the Committee as a whole has competence relevant to the homeware sector.

### Role and responsibilities

The Audit Committee has terms of reference in place which have been approved by the Board and are available at [www.portmeiriongroup.com](http://www.portmeiriongroup.com). The terms of reference are reviewed annually against good practice and appropriate guidelines.

### Accounting policies and financial reporting

The Audit Committee monitors the integrity of the financial statements of the Company, including the annual and half-yearly reports, interim management statements and any other formal announcements relating to the Company's financial performance, reviewing and reporting to the Board on significant financial reporting issues and judgements which they contain. Reports provided by the external auditors on the annual and half-yearly results, which identify any concerns arising from the auditors' work undertaken in respect of the half-year review and year end audit, are also reviewed by the Committee.

### Auditors

Annually, the Audit Committee reviews the relationship the Company has with the external auditors including the scope of the audit work, the audit process, fees and audit independence. The last review, in November 2020, concluded that the Committee was satisfied with the effectiveness of the external audit. Mazars LLP have acted as the Company's auditors since 2009. The external auditors are required to rotate the audit partner responsible for the Company and subsidiary audits every five years and a new lead audit partner was appointed in 2019. Mazars LLP are recommended for reappointment as auditors at the Annual General Meeting on 25 May 2021.

### Non-audit services

The Audit Committee is responsible for keeping under review the nature and extent of non-audit services provided by the external auditors in order to ensure that objectivity and independence are maintained. For non-audit work, the Committee has agreed a policy whereby the Group will not use the external auditors unless they have the necessary skills and experience to make them the most suitable supplier. There are appropriate safeguards in place to eliminate or reduce to an acceptable level any threat to the objectivity and independence of the external auditors in the provision of non-audit services. Fees paid to the auditors for non-audit services are disclosed in note 8 on page 78.

The external auditors have in place processes to ensure their independence is maintained including safeguards to ensure that where they do provide non-audit services their independence is not threatened. They have written to the Committee confirming that, in their opinion, they are independent.

### Internal audit

The Audit Committee has considered the need for an internal audit function, but has decided that, because of the size of the Group and the systems and controls in place, it is not appropriate at present. The Committee will review this on a regular basis.



### Internal control

The Audit Committee's role in respect of reviewing the adequacy and effectiveness of the Group's internal controls is detailed in the Corporate Governance Statement on page 31.

### Whistle-blowing

The Audit Committee reviews arrangements by which employees of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, so seeking to ensure that appropriate arrangements are in place for the proportionate and independent investigation of such concerns and for appropriate follow-up action.

### Significant issues considered in 2020

The Audit Committee considered the following significant issues, with management and the external auditors, in relation to the financial statements:

- trading conditions following the impact of the Covid-19 pandemic;
- cash flow forecasts, the June 2020 share issue and banking facility;
- impact of over-stocking in the South Korean market;
- implications of Brexit;
- internal controls;
- defined benefit pension scheme;
- goodwill and intangible assets;
- the acquisition of Portmeirion Canada;
- revenue and income recognition;
- stock valuation; and
- inventory provisions.



### Andrew Andrea

Chair of the Audit Committee

17 March 2021

### Attendance at Audit Committee meetings

Total meetings held	● ● ●
A.A. Andrea (Chair of the Audit Committee)	● ● ●
C.V. Askem (joined Committee on 4 August 2020)	● ● ●
J. Kong (resigned from Committee on 19 May 2020)	● ● ●
A.L. Luger	● ● ●
R.J. Steele	● ● ●

● Attended ● Did not attend

### Key responsibilities

The key responsibilities of the Audit Committee are:

- monitoring the adequacy and effectiveness of the Group's systems for internal control and risk management;
- overseeing the relationship with the external auditors;
- monitoring the integrity of the Group's financial statements and accounting policies; and
- reviewing the adequacy of the Group's whistle-blowing arrangements.

The Committee's priorities for the next financial year will be to consider the ongoing impact of Covid-19 on the Group and the evolution of Group-wide business continuity arrangements, monitor the implementation of the business strategy and its impact on the Group's internal control and risk management processes.

## Nomination Committee Report



**Angela Luger**

Chair of the Nomination Committee

### Dear shareholder,

I am pleased to present our report for the year ended 31 December 2020 which summarises our membership and activities during the year. I joined the Committee in March 2019 and became Chair of the Committee in January 2021.

### Membership and meetings

Only members of the Nomination Committee have the right to attend meetings. In line with our conflicts of interest policy, Directors are asked to absent themselves from any discussion relating to his/her own reappointment or succession.

Meetings are held no less than once per year but more frequently when changes to the Board are planned or in progress.

### Roles and responsibilities

The key responsibilities of the Committee are summarised on page 43. Board composition is a key focus for the Committee, ensuring that the Board has the right skills and experience to direct the Company in the successful execution of its strategy. The Nomination Committee has terms of reference in place which have been approved by the Board and are available at [www.portmeiriongroup.com](http://www.portmeiriongroup.com). The terms of reference are reviewed annually against good practice and appropriate guidelines.

### Focus during 2020

The Nomination Committee has continued its focus on Board composition and succession planning to ensure a robust and sustainable leadership model for the Board, its Committees and the wider management team. We pay careful attention to ensure the right balance of skills; identifying any skill gaps as part of the Board evaluation process and working those into the specifications for future appointments. Further details on the Board evaluation process can be found within the Corporate Governance Statement on pages 30 to 34.

During the year, the Nomination Committee considered the time required from the Non-executive Directors to perform their duties, the results of the internal Board performance evaluation process that related to the composition of the Board, the need for a Senior Non-executive Director, the election and re-election of Directors and succession planning arrangements.

The Committee uses the services of external advisers to facilitate the search for external candidates for Board positions and considers all candidates on merit and against objective criteria. Prior to drawing up a specification for a new appointment, the Committee assesses the balance of skills, knowledge and experience required on the Board. It then draws up a specification against which all candidates are judged on merit. Diversity and gender inclusiveness are unequivocally expected in our whole Group. The Committee recognises the value of a diverse Board and will consider all candidates with the necessary capabilities in accordance with the Company's policies on equal opportunities, diversity and inclusion.

### Board changes during the year

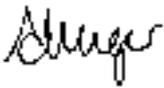
The Committee engaged the services of an independent, external search firm, Odgers Berndtson, to help identify appropriate candidates for a new Non-executive Director position. Members of the Committee and other Executive Directors interviewed shortlisted candidates. On 4 August 2020, we welcomed Clare Askem as a new Non-executive Director who brought to the Board her wealth of experience in business change and digital transformation; a key part of the Group's strategy. On the same day, Lawrence Bryan resigned from his position as Non-executive Director, having stood down as Chief Executive in September 2019.



During the financial year there were also Board changes amongst the Executive Directors. During August 2020, the Group was delighted to welcome Jacqui Gale to the Board as Chief Commercial Officer and Bill Robedee joined the Board as President of North America. Jacqui has been with the Group as the Managing Director of Wax Lyrical Limited, the Group's home fragrance division, since 2018. Bill joined us as part of the Nambé LLC acquisition in 2019 and integrated the Group's two US businesses over the prior 12 months. Phil Atherton resigned as Group Sales & Marketing Director on 3 August 2020.

### Board Composition and Skills

The Committee considers that the current Board membership provides the right mix of skills and attributes for the Board to ensure effective governance and oversight of the strategic and significant operational decisions of the business and performance monitoring. Information on each of the Directors' skills and attributes is set out on pages 28 and 29.



### Angela Luger

Chair of the Nomination Committee  
17 March 2021

### Attendance at Nomination Committee meetings

Total meetings held	● ● ●
A.L. Luger (Chair of the Committee)	● ● ●
A.A. Andrea	● ● ●
C.V. Askem (joined Committee on 4 August 2020)	● ● ●
L. Bryan (resigned from Committee on 4 August 2020)	● ● ●
J. Kong (resigned from Committee on 19 May 2020)	● ● ●
R.J. Steele	● ● ●
M.T. Raybould	● ● ●

● Attended ● Did not attend

### Key responsibilities

The Committee reviews its terms of reference on an annual basis. These describe the Committee's responsibilities in detail and they are available on the Company's website. Key responsibilities are:

- regular review of the structure, size and composition (including the skills, knowledge, experience and diversity) required of the Board compared to its current position and making recommendations to the Board with regard to changes;
- succession planning for Directors and other senior managers taking into account the challenges and opportunities facing the Group, and what skills and expertise are therefore needed on the Board in the future; and
- prior to any appointment being made by the Board, evaluating the composition of the Board and, in light of this evaluation, identifying the requirement of the role and capabilities required for the appointment.

## Directors' Remuneration Report



### Dick Steele

Chair of the Remuneration Committee

This report is on the activities of the Remuneration Committee for the year ended 31 December 2020 and sets out the Remuneration Policy and remuneration details for the Executive and Non-executive Directors of the Company. As a company listed on AIM, the Company is not required to comply with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013 (the "Regulations"), nor is it required to comply with the principles relating to directors' remuneration in the UK Corporate Governance Code 2018. This report has not been audited. This report, excluding the Remuneration Policy section, will be subject to an advisory shareholder vote at the Annual General Meeting (AGM) on 25 May 2021 at which approval of the financial statements will be sought.

#### Dear shareholder,

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 31 December 2020. This report is split into four sections: my overview; details of the Remuneration Committee; the Remuneration Policy; and the annual report on the application of remuneration policy for the year ended 31 December 2020.

Our report aims to provide shareholders with the information to understand our Remuneration Policy and its linkage to the Group's financial performance.

The Remuneration Committee has taken into consideration the overall performance of the Group when determining remuneration matters for 2020 and 2021. The Group's financial performance in 2020 is reported in the Strategic Report on pages 1 to 27. Performance of our Executive Directors is assessed against a range of financial and operational measures ensuring value is delivered to shareholders. Annual incentive payments are based on a demanding profit before tax and exceptional items target. As a result of these demanding targets not being met, there have been no annual incentives paid to Executive Directors for the year ended 31 December 2020. Additionally, as a consequence, there will be no options granted under the Group's long-term incentive plan in 2021.

The implications of Covid-19 have been far reaching for everyone. Challenging performance targets have not have been met but our Executive Directors have been instrumental in the success of the Group over the last very demanding year as set out in the Chairman's Statement on pages 6 to 7 and Chief Executive's Statement on pages 8 to 11 in this Annual Report. As a Remuneration Committee, we continue to seek to achieve a fair outcome in reward that is linked to the Group's immediate and long-term results and strategy delivery.

There have been no structural changes to the Remuneration Policy during 2020.

Each year, we review how shareholders voted on the Directors' Remuneration Report, together with any feedback received. I would like to take this opportunity to thank you for the strong support received for our Directors' Remuneration Report at the 2020 AGM, where 99.2% of the proxy votes lodged were in favour.

I am pleased to confirm that Clare Askem, a Non-executive Director and Committee member since joining the Board in 2020, will replace me as Chair of the Committee on 1 April 2021.

I hope that you find this report a clear account of the Committee's approach and remuneration outcomes for the year. We are committed to maintaining an open and transparent dialogue with shareholders. I welcome any comments from you regarding Directors' remuneration.

### Dick Steele

Chair of the Remuneration Committee  
17 March 2021



## Remuneration Committee

The members of the Remuneration Committee are set out on pages 28 and 29. The terms of reference of the Remuneration Committee are available at [www.portmeiriongroup.com](http://www.portmeiriongroup.com).

Dick Steele is Chair of the Remuneration Committee and has been throughout 2020. The Board considers it appropriate that Dick Steele, with his experience in this area, chairs this Committee. Clare Askem joined the Committee in August 2020, replacing Janis King who resigned from the Committee in May 2020. None of the Committee have any personal financial interest (other than as shareholders), conflicts of interest arising from cross-directorships or day to day involvement in running the business. No Director plays a part in any discussion about his or her own remuneration.

The Committee meets at least twice a year. During 2020, the Committee held four scheduled meetings. In addition, the Committee held meetings to deal with share option awards, exercises and other related matters.

Pinsent Masons LLP provided advice on the administration of the Company's share schemes in 2020. In determining the Directors' remuneration for the year, the Committee consulted the Chief Executive about its proposals. The Remuneration Committee believes that the presence of the Chief Executive is important when determining the remuneration of the other Executive Directors. The Chief Executive does not participate in discussions relating to his personal remuneration.

## Remuneration Policy

Executive remuneration packages are prudently designed to attract, motivate and retain Directors of high calibre and to reward them for enhancing value to shareholders. The performance measurement of the Executive Directors and the determination of their annual remuneration package is undertaken by the Remuneration Committee. The remuneration of the Non-executive Directors is determined by the Executive Directors.

The Company's policy is that a substantial proportion of the remuneration of the Executive Directors should be performance related in order to encourage and reward improving business performance and shareholder returns.

## Attendance at Remuneration Committee meetings

Total meetings held	● ● ● ●
R.J. Steele (Chair of the Committee)	● ● ● ●
A.A. Andrea	● ● ● ●
C.V. Askem (joined Committee on 4 August 2020)	● ● ● ●
J. Kong (resigned on 19 May 2020)	● ● ● ●
A.L. Luger	● ● ● ●

● Attended ● Did not attend

## Key responsibilities

The key responsibilities of the Remuneration Committee are:

- review the market competitiveness of the Remuneration Policy and the remuneration of the Executive Directors;
- agree the incentive policy and payments for the Executive Directors;
- agree the individual share option and long-term share awards for the forthcoming financial period;
- review the performance measures, targets and achievement thereof in relation to share scheme awards;
- approve the Directors' Remuneration Report; and
- administer the Group's share schemes.

## Directors' Remuneration Report continued

### Remuneration Policy continued

There are five main elements of the remuneration package for Executive Directors and senior management:

- basic salary and benefits;
- pension arrangements;
- annual incentive payments;
- long-term incentives; and
- share option incentives.

In determining the remuneration arrangements for Executive Directors, the Committee is sensitive to pay and employment conditions elsewhere in the Group, especially when determining base salary increases and pension arrangements.

The Committee operates the various incentive plans according to their respective rules and in accordance with HMRC rules where relevant. To ensure the efficient administration of the plans the Committee has certain operational powers. These include the determination of the participants in the plans on an annual basis; the timing of grants of awards and/or payments; the quantum of an award and/or payment; the extent of vesting based on the assessment of performance; determination of leaver status and appropriate treatment under the plans; and annual performance measures and targets.

The Company has a Shareholding Policy which requires Executive Directors to build up (to the extent they have not already done so) and maintain an ownership of the

Company's shares to the value of one times annual basic salary.

The Company recognises that Executive Directors may be invited to become Non-executive Directors of other companies and that this can help broaden the skills and experience of a Director. Executive Directors are entitled to accept appointments outside the Group providing that the Chairman grants his permission.

The Committee has reviewed the policy for the year ahead and has concluded that the key features of the Remuneration Policy remain appropriate.

### Key aspects of the Remuneration Policy for Executive Directors

The following table provides a summary of the key elements of the remuneration package for Executive Directors:

Purpose and link to strategy	Operation	Maximum opportunity	Performance conditions
<b>Base salary</b>			
To provide competitive fixed remuneration that will attract and retain key employees and reflect their experience and position in the Group.	Reviewed annually taking into account industry-standard executive remuneration and pay levels elsewhere within the Group.	Salaries for the year ended 31 December 2020 are set out on page 49. Changes in the scope or responsibilities of a Director's role may require an adjustment to salary levels above the normal level of increase.	None.
<b>Benefits</b>			
To provide market levels of benefits on a cost-effective basis.	Private health cover for the executive and their family, life insurance cover of four times salary, critical illness cover and a company car (or cash alternative). Other benefits may be offered from time to time broadly in line with market practice.	Private healthcare benefits are provided through third-party providers and therefore the cost to the Company and the value to the Director may vary from year to year.  It is intended the maximum value of benefits offered will remain broadly in line with market practice.	None.
<b>Pension</b>			
Providing post-retirement benefits.	The Group operates defined contribution pension schemes.	Dependent on the value of the fund at retirement.	None.
<b>Annual incentive</b>			
Recognises achievement of annual objectives which support the short to medium-term strategy of the Group.	The performance targets are set by the Remuneration Committee at the start of the year with input, as appropriate, from the Chief Executive.	Maximum incentive potential is 100% of salary.	Based on achievement of a demanding profit before tax and exceptional items target.
<b>Long-term incentive plan</b>			
Incentivising and retaining Executive Directors whilst aligning their interests with those of shareholders through delivery and retention of shares.	Discretionary award over shares with a market value corresponding to a percentage of the gross annual incentive payment earned by the Executive Director in respect of the previous financial year.	Maximum award is 50% of the prior year's gross annual incentive payment.	Options under the plan can only be granted to the extent performance targets relating to the annual incentive arrangements are met.



## Remuneration Policy continued

### Key aspects of the Remuneration Policy for Executive Directors continued

Purpose and link to strategy	Operation	Maximum opportunity	Performance conditions
<b>Executive share option plans</b>			
Setting value creation through share price growth as a major objective for Executive Directors and senior managers. Alignment of option holder interests with those of shareholders through delivery of shares.	Subject to earnings per share (EPS) performance measurement to reflect operational performance as EPS is a significant factor in determining the market's view of the Group's value.	The Portmeirion 2012 Approved Share Option Plan has a limit of £30,000 for any "approved" options in accordance with HMRC limits. Options granted above the £30,000 limit are granted under The Portmeirion 2012 Unapproved Share Option Plan.	Growth in EPS targets as detailed on page 48.

### Key aspects of the Remuneration Policy for Non-executive Directors (including the Chairman)

The following table provides a summary of the key elements of the remuneration package for Non-executive Directors:

Purpose and link to strategy	Operation	Maximum opportunity	Performance conditions
<b>Base fee</b>			
To provide competitive fixed fees in order to procure and retain the appropriate skills required and expected time commitment.	Non-executive Director fees are reviewed on a periodic basis and are subject to the Articles of Association. The Board will exercise judgement in determining the extent to which Non-executive Director fees are altered in line with market practice and rates.	Fees for the year ended 31 December 2020 are set out on page 49.  Increases above those awarded for the rest of the Group may be made to reflect the periodic nature of any review. Changes in the scope and responsibilities of a Director's role, or the time commitment required, may require an adjustment to the level of fees.	None.
<b>Pension</b>			
Providing post-retirement benefits if the Non-executive Director does not opt out of the auto-enrolment process.	The Group operates defined contribution schemes.	Dependent on the value of the fund at retirement.	None.

### Current service contracts and terms of engagement

It is the Company's policy that Executive Directors should have contracts with an indefinite term providing for a maximum of one year's notice. The details of the Executive Directors' contracts are summarised in the table below:

	Date of contract	Notice period
J.M. Gale	04.08.2020	12 months
M.J. Knapper	01.03.2017	12 months
M.T. Raybould	02.09.2019	12 months
W.J. Robedee	04.08.2020	12 months
D. Sproston	02.09.2019	12 months

In the event of early termination, the Executive Directors' contracts provide for compensation of an amount equal to the gross salary and benefits that the Executive would have received during the balance of the notice period, plus any incentive once declared, to which he would have become entitled had contractual notice been given.

All Non-executive Directors have service contracts with an indefinite term providing for a maximum of one year's notice, without liability for compensation. Their remuneration is determined by the Board taking into account their duties and the level of fees paid to Non-executive Directors of similar companies.

All of the Directors proposed for election and re-election at the next AGM on 25 May 2021 are set out in the Directors and their interests section of the Report of the Directors on pages 52 to 54.

### Consideration of shareholders' views

The Committee considers shareholder feedback following the AGM and any other meetings with shareholders as part of the Company's annual review of Remuneration Policy.

## Directors' Remuneration Report continued

### Application of Remuneration Policy for the year ended 31 December 2020

#### Basic salary and benefits

Executive Directors' base salaries are determined by the Committee at the beginning of each year or when responsibilities change. In deciding the appropriate levels, the Committee takes into account factors which it considers necessary including industry-standard executive remuneration and comparable pay levels within the Group.

Each Executive Director is provided with healthcare and pension benefits, critical illness cover, life insurance and a car (or cash alternative).

#### Annual incentive payments

Each Executive Director's remuneration package includes an annual incentive payment opportunity. If the profit before tax and exceptional items exceeds an annual target, then an incentive will be paid. The incentive is a percentage of the Executive Director's basic annual salary which is linked to the amount by which profit before tax and exceptional items exceeds the target. The maximum incentive payable is 100% of basic annual salary. Demanding budgets and targets are established by the Board and reviewed at the end of each year to determine the degree of successful achievement.

For the year ended 31 December 2020, the profit target was not met and no incentive payment was made.

#### Long-term incentive plan (LTIP)

The Company operates The Portmeirion Group 2018 Deferred Incentive Plan (the "2018 Deferred Incentive Plan") which was established to incentivise and retain Executive Directors and encourage them to acquire and retain shares in the Company. The 2018 Deferred Incentive Plan operates in conjunction with the Group's existing annual incentive arrangements.

The 2018 Deferred Incentive Plan permits the grant of an option to a participant in any year over shares with a market value not exceeding 50% of the gross incentive earned by the relevant employee in respect of the previous financial year. Options are exercisable normally only after the third anniversary of the date of grant. On exercise, provided that the participant is still employed by the Group (or has left due to limited good leaver provisions as specified in the rules of the 2018 Deferred Incentive Plan), the participant will be entitled to receive

a "grossed-up" payment (i.e. a payment which after discharge of necessary taxes (including National Insurance contributions) leaves a net amount) sufficient to pay the taxes (including National Insurance contributions) due in respect of the exercise of the option (subject to a cap on the maximum tax and National Insurance rates covered). The Remuneration Committee believes this payment is appropriate so as to ensure that the shares are acquired without any need to sell the shares to generate cash to cover tax liabilities.

Options may be satisfied by an issue of shares (including out of treasury). As options under the 2018 Deferred Incentive Plan can only be granted to the extent performance targets relating to the annual incentive payment arrangements are met, the exercise of options granted under the Plan are not subject to the satisfaction of performance targets.

Under the 2018 Deferred Incentive Plan, the Remuneration Committee has the ability to reduce the value of an option granted to an employee (malus), or to require an employee to make a repayment in respect of an option that he/she has already exercised (clawback), where certain events have occurred in relation to the business or to the conduct of the particular employee. The time limit for the application of this provision will generally be five years from the date that the option was granted (which is a further two years after an option becomes exercisable).

#### Executive share option plans

The Company's policy is to grant options to Executive Directors at the discretion of the Remuneration Committee taking into account individual performance. It is the Company's policy to phase the granting of share options rather than to award them in a single large block to any individual.

The Company has two Executive Share Option Plans: The Portmeirion 2012 Approved Share Option Plan (the "2012 Approved Plan") and The Portmeirion 2012 Unapproved Share Option Plan (the "2012 Unapproved Plan"). These are discretionary schemes, enabling the grant of options over ordinary shares in the Company to selected employees of the Group, with flexibility for the grant of tax-favoured options. For both schemes, earnings per share has been selected as a measure of performance.

Options granted in 2018 and 2019 can normally only be exercised if the increase in the average of the Group's basic adjusted (for changes in accounting standards and exceptional items) earnings per share for each of the three years beginning with the financial year in which the option was granted is at least 13% higher than that for the year before the option was granted. The performance conditions for options granted in 2018 have not been met and therefore these options will not vest.

Options granted in 2020 can normally only be exercised if the increase in the average of the Group's basic adjusted (for changes in accounting standards and exceptional items) earnings per share for each of the two years ending 31 December 2021 and 31 December 2022 must be at least 10% higher than that for the year ended 31 December 2019. The number of shares used in the calculation of earnings per share is that in issue at the time of grant on 4 May 2020.

Basic adjusted earnings per share is considered to be an appropriate figure because it is a significant factor used by the market in determining the value of the Company and by the Company in determining the level of dividend to be paid. These targets align management interests closely with those of shareholders.

#### Pensions

Phil Atherton, Jacqui Gale, Mick Knapper, Mike Raybould, David Sproston and Dick Steele are members of the Portmeirion Group UK Limited Group Personal Pension Plan, a money purchase pension scheme. Annual performance related incentives are not subject to contributions by the Group to the money purchase pension arrangements maintained for the Directors. Details of contributions paid by the Group for the benefit of the Directors are shown in the Directors' emoluments table on page 49.

Bill Robedee, based in the US, did not receive employers pension contributions in 2020 but this is being addressed for 2021.

#### Non-executive Directors

The Non-executive Directors do not participate in the Company's annual incentive, share option or long-term incentive schemes.



## Application of Remuneration Policy for the year ended 31 December 2020 continued

### Aggregate Directors' remuneration

The total amounts for Directors' remuneration were as follows:

	2020 £'000	2019 £'000
Emoluments	1,763	1,526
Long-term incentive plan (LTIP)	23	80
Gains made on exercise of share options	—	—
Money purchase pension contributions	119	120
	<b>1,905</b>	<b>1,726</b>

### Directors' emoluments

	Salary and fees £'000	Taxable benefits <sup>(1)</sup> £'000	Incentive £'000	LTIP <sup>(2)</sup> £'000	Gains made on exercise of share options £'000	Pension contributions <sup>(3)</sup> £'000	Total 2020 £'000	Total 2019 £'000
<b>Executive</b>								
P.E. Atherton <sup>(4)</sup>	373	18	—	23	—	22	436	275
J.M. Gale <sup>(5)</sup>	171	12	—	—	—	22	205	n/a
M.J. Knapper	188	13	—	—	—	20	221	183
M.T. Raybould	359	14	—	—	—	35	408	301
W.J. Robedee <sup>(6)</sup>	251	9	—	—	—	—	260	n/a
D. Sproston	120	9	—	—	—	11	140	110
<b>Non-executive</b>								
A.A. Andrea	36	—	—	—	—	—	36	34
C.V. Askem <sup>(7)</sup>	15	—	—	—	—	—	15	n/a
L. Bryan <sup>(8)</sup>	21	—	—	—	—	—	21	655
J. Kong <sup>(9)</sup>	15	—	—	—	—	—	15	35
A.L. Luger	36	—	—	—	—	—	36	26
R.J. Steele	103	—	—	—	—	9	112	107
	1,688	75	—	23	—	119	<b>1,905</b>	<b>1,726</b>

Notes:

- The taxable benefits shown above for P.E. Atherton, J.M. Gale, M.J. Knapper, M.T. Raybould and D. Sproston arise from the provision of a company car (or cash alternative), travel allowance, critical illness cover and private medical insurance. The taxable benefits for W.J. Robedee, who is a resident in the US, arose from the provision of a company car and life assurance. A further £24,000 (2019: n/a) in non-taxable benefits arose from the provision of disability, medical and dental insurance for W.J. Robedee. Non-executive taxable benefits relate to travel expenses.
- On 24 September 2020, P.E. Atherton exercised options granted in 2018 and 2019 under the 2018 Deferred Incentive Plan. The mid-market closing price of the Company's shares on 24 September 2020 was 375.00p. The amounts in the table above include the value of the shares on exercise by reference to the mid-market closing price of the Company's shares on the day before exercise (367.00p) and the amount paid in accordance with the rules of the Plan such that after discharge of necessary taxes a net amount was left sufficient to pay the taxes due in respect of the exercise of the options. Further details on the exercises are shown under the long-term incentive plan section of this report on page 51.
- The pension figures shown in the single figure table above represent the cash value of pension contributions received by the Executive. This includes salary supplement in lieu of a Company pension contribution.
- P.E. Atherton resigned from the Board on 3 August 2020 and left the Group on 31 October 2020. Amounts disclosed above reflect salary, taxable benefits and pension contributions to 31 October 2020. Included within the amount for salary and fees is £187,000 in respect of a payment for loss of office.
- J.M. Gale joined the Board on 4 August 2020. J.M. Gale was an employee of Portmeirion Group UK Limited for all of 2020. Amounts disclosed above reflect salary, taxable benefits and pension contributions for all of 2020.
- W.J. Robedee joined the Board on 28 August 2020. W.J. Robedee was an employee of Portmeirion Group USA, Inc. for all of 2020. Amounts disclosed above reflect salary, taxable benefits and pension contributions for all of 2020. W.J. Robedee was remunerated in US dollars and his remuneration is translated into sterling at the average exchange rate for the year. In 2020, this was \$1.2836/£1 (2019: n/a).
- C.V. Askem joined the Board on 4 August 2020. Amounts disclosed above reflect fees, taxable benefits and pension contributions from 4 August 2020.
- L. Bryan retired as Chief Executive on 2 September 2019 and continued as a Non-executive Director from 2 September 2019 until 4 August 2020.
- J. Kong resigned from the Board on 19 May 2020.

## Directors' Remuneration Report continued

### Application of Remuneration Policy for the year ended 31 December 2020 continued

#### Directors' share options and long-term incentives

Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire ordinary shares in the Company granted to or held by the Directors.

#### Executive share option plans

The Company has two share option plans, the 2012 Approved Plan and the 2012 Unapproved Plan as described on page 48. Details of options held under these schemes by Directors who served during the year are as follows:

Director	At 01.01.2020	Number of options			At 31.12.2020	Exercise price p	Dates on which exercisable	
		Granted	Exercised	Lapsed			Earliest	Latest
P.E. Atherton	25,000	—	—	(25,000)	—	960.00	12.08.2020	10.08.2027
P.E. Atherton	25,000	—	—	(25,000)	—	1,180.00	23.05.2021	21.05.2028
P.E. Atherton	—	21,000	—	(21,000)	—	446.00	05.05.2023	03.05.2030
L. Bryan	32,222	—	—	(32,222)	—	960.00	12.08.2020	10.02.2021
L. Bryan	21,111	—	—	—	<b>21,111</b>	1,180.00	23.05.2021	21.11.2021
J.M. Gale	10,000	—	—	—	<b>10,000</b>	980.00	09.08.2022	07.08.2029
J.M. Gale	—	10,000	—	—	<b>10,000</b>	446.00	05.05.2023	03.05.2030
M.J. Knapper	20,000	—	—	(20,000)	—	960.00	12.08.2020	10.08.2027
M.J. Knapper	25,000	—	—	—	<b>25,000</b>	1,180.00	23.05.2021	21.05.2028
M.J. Knapper	—	21,000	—	—	<b>21,000</b>	446.00	05.05.2023	03.05.2030
M.T. Raybould	30,000	—	—	(30,000)	—	960.00	12.08.2020	10.08.2027
M.T. Raybould	30,000	—	—	—	<b>30,000</b>	1,180.00	23.05.2021	21.05.2028
M.T. Raybould	—	40,000	—	—	<b>40,000</b>	446.00	05.05.2023	03.05.2030
W.J. Robedee	—	15,000	—	—	<b>15,000</b>	446.00	05.05.2023	03.05.2030
D. Sproston	5,000	—	—	(5,000)	—	960.00	12.08.2020	10.08.2027
D. Sproston	7,500	—	—	—	<b>7,500</b>	1,180.00	23.05.2021	21.05.2028
D. Sproston	4,600	—	—	—	<b>4,600</b>	980.00	09.08.2022	07.08.2029
D. Sproston	—	29,000	—	—	<b>29,000</b>	446.00	05.05.2023	03.05.2030

Notes:

- (1) The performance criteria attaching to share options are detailed on page 48.
- (2) The Company's share price reached a high of 838.52p and a low of 239.58p during 2020. The average share price during 2020 was 462.58p. The share price on 31 December 2020 was 500.00p.
- (3) There have been no changes to the Directors' interests in the shares or options over shares of the Company between 31 December 2020 and 17 March 2021.
- (4) The dates during which L. Bryan can exercise options reflects the six month period following the vesting date of the options in accordance with the determination of the Committee following L. Bryan's resignation as Chief Executive in 2019.



## Application of Remuneration Policy for the year ended 31 December 2020 continued

### Long-term incentive plan

Details of options held under the 2018 Deferred Incentive Plan by Directors who served during the year are as follows:

Director	At	Number of options			At	Dates on which exercisable	
	01.01.2020	Granted	Exercised	Lapsed	31.12.2020	Earliest	Latest
P.E. Atherton	2,792	—	(2,016)	(776)	—	22.05.2021	20.08.2021
P.E. Atherton	4,173	—	(1,391)	(2,782)	—	09.08.2022	07.11.2022
L. Bryan	3,663	—	—	—	<b>3,663</b>	22.05.2021	20.08.2021
L. Bryan	1,390	—	—	—	<b>1,390</b>	09.08.2022	07.11.2022
M.J. Knapper	1,750	—	—	—	<b>1,750</b>	22.05.2021	20.08.2021
M.J. Knapper	2,615	—	—	—	<b>2,615</b>	09.08.2022	07.11.2022
M.T. Raybould	2,917	—	—	—	<b>2,917</b>	22.05.2021	20.08.2021
M.T. Raybould	4,358	—	—	—	<b>4,358</b>	09.08.2022	07.11.2022

Notes:

- The exercise price payable by the option holder to acquire shares upon the exercise of a 2018 Deferred Incentive Plan option is £1 in respect of all of the shares under option for that particular award.
- J.M. Gale, W.J. Robedee and D. Sproston do not hold 2018 Deferred Incentive Plan options as there have been no grants since their appointments.

Details of options exercised under the 2018 Deferred Incentive Plan by Directors during the year are as follows:

Director	Date of exercise	Number of options exercised	Total exercise price p	Market price on exercise per share p	Gains on exercise £'000	Total gains on exercise 2020 £'000	Total gains on exercise 2019 £'000
P.E. Atherton	24.09.2020	2,016	100.00	367.00	7		
P.E. Atherton	24.09.2020	1,391	100.00	367.00	5	<b>12</b>	13

### Consultations with shareholders and statement of voting at general meeting

At the Annual General Meeting of the Company held on 19 May 2020, a resolution to approve the Directors' Remuneration Report for the year ended 31 December 2019 was passed with 6,236,336 proxy votes lodged, of which 99.2% were in favour and 0.8% voted against.

In February 2021, the Chairman wrote to major shareholders in the Company offering a meeting to discuss corporate governance matters. The Chairman is in contact with all institutional and other significant shareholders.

### Approval

This report was approved by the Board and signed on its behalf by:



### Dick Steele

Chair of the Remuneration Committee

17 March 2021

## Report of the Directors

The Directors have pleasure in presenting their Annual Report on the affairs of the Group, together with the audited financial statements of the Company and its subsidiary undertakings for the year ended 31 December 2020. The Corporate Governance Statement set out on pages 30 to 34 and the Streamlined Energy & Carbon Reporting (SECR) within the Our Sustainability section on pages 35 and 36 form part of this report.

The Company is a public limited company, registered in England and Wales and is listed on AIM of the London Stock Exchange. The Company has been permanently domiciled in the UK since incorporation and is the ultimate parent company of the Portmeirion Group.

### Financial risk management

Information about the use of financial instruments by the Company and its subsidiaries is given in note 33 on pages 94 to 97. This note also includes information on financial risk management objectives and policies, including the policy for hedging and an assessment of the Group's exposure to financial risk.

### Dividends

Due to the unprecedented uncertainty facing businesses around the world from Covid-19, there was no interim dividend declared on the ordinary share capital for 2020 (2019: 8.00p per share). The Board is not recommending a final dividend for 2020 (2019: 0p per share), giving total dividends paid and proposed for the year of 0.00p (2019: 8.00p).

### Research and development

The Group continues to research methods of tackling the environmental issues facing it as a tableware, giftware and home fragrance manufacturer whilst improving manufacturing efficiency. The development of innovative new products and designs is a key part of the Group's strategy.

### Streamlined Energy & Carbon Reporting (SECR)

From this year, the Group is required to disclose its annual UK energy use, associated greenhouse gas (GHG) emissions and information relating to its energy efficiency action, as specified under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. Our SECR disclosure is set out in the Environment section of Our Sustainability statement on pages 35 to 39.

### Directors and their interests

The Directors of the Company are listed on pages 28 and 29 together with biographical and Committee membership details. Janis Kong resigned from the Board at the Annual General Meeting on 19 May 2020. Clare Askem and Jacqui Gale joined the Board on 4 August 2020, with Bill Robedee joining on 28 August 2020. Lawrence Bryan and Phil Atherton resigned from the Board on 4 August 2020 and 3 August 2020 respectively. All other Directors served throughout the year ended 31 December 2020.

In accordance with our commitment to good corporate governance practice that is relevant to our business, all continuing Directors stand for re-election on an annual basis in line with the recommendations of the UK Corporate Governance Code 2018. Andrew Andrea, Mick Knapper, Angela Luger, Mike Raybould, David Sproston and Dick Steele will therefore retire at the Annual General Meeting to be held on 25 May 2021 and are offering themselves for re-election. In addition, Clare Askem, Jacqui Gale and Bill Robedee are offering themselves for election, having joined the Board since the last Annual General Meeting. The Board has formally reviewed the performance of each continuing Director and concluded that they remain effective and are committed to their roles at Portmeirion Group PLC.

Further details on the composition of the Board and appointment of Directors are given in the Corporate Governance Statement on pages 30 to 34.

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the Companies Act 2006 and related legislation. The Articles themselves may be amended by special resolution of the shareholders. The powers of Directors are described in the Corporate Governance Statement on pages 30 to 34.

The Directors who held office at 31 December 2020 had the following beneficial interests in the share capital of the Company:

	At 31 December 2020 5p ordinary shares Beneficial	At 31 December 2019 5p ordinary shares Beneficial
A.A. Andrea	1,000	1,000
C.V. Askem	—	—
J.M. Gale	—	—
M.J. Knapper	3,826	2,511
A.L. Luger	3,947	—
M.T. Raybould	2,631	—
W.J. Robedee	—	—
D. Sproston	1,315	—
R.J. Steele	30,000	27,000



## Directors and their interests continued

Directors' share interests include the interests of their spouses, civil partners and infant children or stepchildren as required by section 822 of the Companies Act 2006. There were no changes in the beneficial interests of the Directors in the Company's shares between 31 December 2020 and 17 March 2021.

Details of Directors' share options are provided in the Directors' Remuneration Report on pages 50 and 51.

Details of transactions with Directors and other related parties are to be found in note 31 on pages 90 and 91.

## Directors' indemnities

The Company has qualifying third-party indemnity provisions for the benefit of its Directors which remain in force at the date of this report.

## Capital structure

Details of the share capital in issue, together with details of the movements in the Company's issued share capital during the year, are shown in note 27 on page 89. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

Details of employee share schemes are set out in notes 27 and 34 on page 89 and pages 97 and 98. Shares held by the Portmeirion Employees' Share Trust abstain from voting.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

The Company was authorised at the General Meeting held on 29 June 2020 to allot shares or grant rights to or subscribe for or convert any security into shares in the Company up to a nominal amount of £236,867, at the conclusion of the next Annual General Meeting of the Company or 15 months after the passing of this resolution (if earlier). Such authority shall expire at the earlier of the next AGM of the Company or 29 September 2021.

## Substantial shareholdings

On 31 December 2020 the Company had been notified, in accordance with chapter 5 of the Disclosure Guidance and Transparency Rules, of the following beneficial interests in 3% or more of its issued share capital excluding treasury shares:

	Percentage of voting rights and issued share capital <sup>(1)</sup>	Number of ordinary shares
Trustees of Caroline Fulbright Settlement <sup>(3)</sup>	10.28%	1,436,195
Ruffer LLP <sup>(3)</sup>	7.94%	1,110,076
Investec Wealth & Investment Limited <sup>(3)</sup>	7.77%	1,086,275
Shahrazad Farhadi	4.52%	632,333
AB Traction <sup>(3)</sup>	4.19%	585,158
Kamrouz Farhadi	4.03%	562,917
Killik & Co LLP <sup>(3)</sup>	3.97%	554,756
Charles Stanley Group PLC <sup>(3)</sup>	3.89%	543,847

Notes:

- (1) The percentages are of the total shares in issue, excluding treasury shares (13,977,112).
- (2) All holdings are direct holdings unless otherwise indicated.
- (3) Shareholding held indirectly through a nominee.

During the period between 31 December 2020 and 17 March 2021, the Company did not receive any notifications under chapter 5 of the Disclosure Guidance and Transparency Rules.

## Report of the Directors continued

### Annual General Meeting

The Annual General Meeting will be held at the registered office of the Company at London Road, Stoke-on-Trent, on 25 May 2021 at 12:00 noon (the "2021 AGM"). All ordinary and special resolutions to be proposed at that meeting are detailed in the Notice of Annual General Meeting which is contained in a separate circular to shareholders and on the Company's website at [www.portmeiriongroup.com/investors/shareholder-information/notice-agms](http://www.portmeiriongroup.com/investors/shareholder-information/notice-agms).

### Acquisition of the Company's own shares

The Company did not purchase any of its own shares during the year. The Company holds 226,975 treasury shares, purchased at an average cost of 187p per share. At the end of the year, the Directors had authority, under a shareholders' resolution of 19 May 2020, to purchase through the market 1,087,710 of the Company's ordinary shares. This authority expires at the next AGM or on 30 June 2021, whichever is the earlier.

The Directors believe that it is in the interests of the Company and its members to continue to have the flexibility to purchase its own shares and further authority is sought from members as set out in the Notice of the 2021 AGM.

The Portmeirion Employees' Share Trust (the "Trust") facilitates the acquisition and holding of shares in the Company by and for the benefit of the employees of the Group. The shares are held in the Trust to provide for awards under employee share option schemes. During 2020, The Trust did not purchase any shares and no shares were transferred from the Trust. The Trust holds a total of 234,523 shares representing approximately 1.68% of the issued share capital of the Company excluding treasury shares as at 17 March 2021.

### Employees

The Group has an Equal Opportunities Policy and is committed to ensuring that all employees are treated fairly, regardless of age, gender, race, marital status, sexual orientation, religion or disability. It is the Group's policy to give disabled people full and fair consideration for all job vacancies for which they offer themselves as suitable candidates, having regard to their particular aptitudes and abilities, including the

consideration of any reasonable adjustments to the job or workplace. Training and career development opportunities are available to all employees and, if necessary, all efforts are made to retrain any member of staff who develops a disability during employment with the Group.

Share option and profit related incentive schemes are operated to encourage the involvement of more senior employees in the Group's performance. The Group's UK operating subsidiaries are both Investors in People. The Directors are committed to the continuing development of the Group's employees through the principles of Investors in People. Details of staff numbers and costs are set out in note 7 on pages 77 and 78.

### Employee engagement

The Group recognises the importance of two-way communication with its employees. The Board considers that the most effective form of communication regarding its activities, performance and plans is by way of informal daily discussions between management and other employees supplemented with briefings, newsletters and team meetings. In addition, employees receive presentations from either the Chief Executive or senior management updating them on the Group's performance and prospects, which provides the opportunity for employees to ask questions and feedback any comments directly to a member of the Board or senior management. Further details of how the Board has engaged with the Group's employees can be found in the Stakeholder Engagement section on page 21.

The Group strives to ensure that it meets employees' expectations of a safe place to work, security of employment, fair treatment and access to training. Details of how the Board has had regard to the interests of the Group's employees can be found in the Our Sustainability section on pages 35 to 39 and in the Section 172 (1) Statement on page 20.

### Business relationships

To be successful in the long-term, the Group must establish and maintain positive business relationships with its stakeholders, including its suppliers and customers. Details of how the Board has engaged with the Group's key stakeholders, and the resulting outcomes of this engagement, can be found in the Stakeholder Engagement

section on page 21. Details of how the Board has had regard to the interests of the Group's stakeholders can be found in the Section 172 (1) Statement on page 20.

### Political contributions

There were no political contributions during the year.

### Post balance sheet events

There have been no material events from 31 December 2020 to the date of this report.

### Modern slavery

In compliance with the Modern Slavery Act 2015, the Company's Transparency Statement on Human Trafficking and Modern Slavery can be found on the Company's website at [www.portmeiriongroup.com](http://www.portmeiriongroup.com).

### Auditors

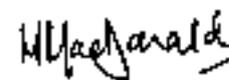
Each of the persons who are Directors at the date of approval of this Annual Report confirms that:

1. so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
2. the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Mazars LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board.



### Moira MacDonald

Company Secretary  
17 March 2021



## Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and Company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

International Accounting Standard 1 requires that IFRS financial statements present fairly for each financial year the Group and Company financial position, financial performance and cash flows. This requires the fair representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's "Framework for the preparation and presentation of financial statements". In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRS. Directors are also required to:

- properly select and apply accounting policies;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed subject to any material departures disclosed and explained in the financial statements;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The Directors have elected to prepare the Company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The Company financial statements are required by law to give a true and fair view of the state of affairs of the Company. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;

- state whether international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the Group and the Company financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Independent Auditor's Report

to the members of Portmeirion Group PLC

## Opinion

We have audited the financial statements of Portmeirion Group PLC (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) in conformity with the requirements of the Companies Act 2006 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2020 and of the Group's loss for the year then ended; and
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are

independent of the Group and the parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, as applied to SME listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our audit procedures to evaluate the Directors' assessment of the Group's and the parent Company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- undertaking an initial assessment at the planning stage of the audit to assess and identify events or conditions that may cast significant doubt on the Group's and the parent Company's ability to continue as a going concern;
- making enquiries of the Directors to understand the going concern review period used by the Directors, ensuring that the period assessed by them is at least 12 months from the date of signing;
- performing audit work to assess the reasonableness of the assumptions used by the Directors' in their forecasts;
- assessing Directors ability to accurately forecast with reference to the historical accuracy of forecasts prepared by the Directors;
- engaging in regular discussions with the Directors regarding the status of negotiations in respect of new financing options and validating the cash received from the £11.2m equity raise;

- assessing key assumptions used in management's stress testing response to Covid-19; and
- evaluating the appropriateness of the Directors' disclosures in the financial statements on going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We summarise opposite the key audit matters in forming our audit opinion above, together with an overview of the principal audit procedures performed to address each matter and key observations arising from those procedures.

These matters, together with our findings, were communicated to those charged with governance through our Audit Completion Report.



## Key Audit Matter

**Revenue recognition**

The Group's accounting policy for revenue recognition is set out in the accounting policy notes on page 69.

For Portmeirion Group PLC, we see the risk of misstatement or fraud in revenue recognition as being principally in relation to cut-off. We see the cut off risk being specifically applicable to three scenarios within the group.

**Revenue recognition for export sales**

There is a risk that export sales closer to the year end could be accounted for incorrectly by recognising revenue prior to transfer of the risks and rewards of the stock involved.

**Provisions for goods sold on sale or return**

There is a risk that the provision required for goods which could potentially be returned is materially misstated, result in a material misstatement in revenue.

**Provision for rebates**

There is a risk that the provision in place for rebates is under estimated resulting in a material misstatement in revenue.

**Inventory provision**

Inventory accounts for 50% of total current assets of the Group.

The provision is calculated on a formulaic basis which also considers management's assessment of each stock unit's sales values in the future. This involves a degree of judgement as some of these stock lines are out of season or in less demand. Therefore there is a risk that the inventory provision is materially misstated and that stock is not being held at the appropriate value.

As a result, we consider completeness of stock provision in respect of inventory as a key audit matter.

The group's disclosure in relation to judgements made in calculating the inventory provision is set out on page 74.

## How our scope addressed this matter

**Our audit work included but were not limited to:**

- reviewing the key elements underpinning the trigger points to recognise revenue;
- focusing on export sales made in December and ensure the cut off between sales and stock movements is reflective of the year end position;
- reviewing management's estimate for specific returns provisions such as Christmas tree. Our review included a comparison to historical rate of returns, any correspondence with customers and actual returns post year end to the date of audit sign off; and
- reviewing management's estimate for rebate provision including assumptions and methodology. We agreed a sample of these to post year end payments and credit notes where possible. Our work also included a review on historical accuracy of provisions and any correspondence with clients.

**Our observations**

Based on the work performed, we are satisfied that appropriate cut-off procedures have been applied in line with revenue recognition policies.

**Our audit work included but was not limited to:**

- reviewing the consistency of provision methodology across the Group;
- reviewing in detail the assessment made by management including the application of consistency of approach with the prior year, and any significant trends or events occurring in the year that could have an impact on the level of provision required;
- reviewing slow moving stock lines as well as any aged/old pattern items to validate the completeness of the provision; and
- sample test a number of stock items to sales invoices post year end to validate that stock is held at the appropriate value.

**Our observations**

Based on the work performed, level of provisioning adopted was considered reasonable.

# Independent Auditor's Report continued

to the members of Portmeirion Group PLC

## Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

**Overall Group materiality:** Group: £787,000  
Parent: £40,000

### How we determined it & rationale for the benchmark

Given the impact of Covid-19 in the Group's performance this year, we deemed 'Revenue' as the most appropriate alternative benchmark for determining materiality. However, in order to ensure we did not use an inflated materiality within the year where there is an economic downturn due to Covid-19, we concluded that it is appropriate to use a benchmark of 0.9% of revenue which is lower than our standard range. We believe that the lower percentage clearly reflects the impact of Covid-19 and the changes to the overall structure of the Group.

### Performance materiality

Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole.

For Portmeirion Group PLC this was taken as 75% of overall materiality to provide a figure of £590,000 for the Group and £30,000 for the parent.

### Reporting threshold

We agreed with the Directors that we would report to them misstatements identified during our audit above £23,000 for the Group and £1,200 for the parent as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

This figure represent 3% of overall materiality.

For each component in the scope of the Group audit, we allocated a materiality that was less than our overall Group materiality. The range of performance materiality allocated across the components was between £352,000 and £3,750.

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the Directors made subjective judgements such as making assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of a risk assessment, our understanding of the Group and the parent Company, its environment, controls and critical business processes, to consider qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items.

Our Group audit scope included an audit of the Group and parent financial statements of Portmeirion Group PLC. Based on our risk assessment, all entities on which we profess an individual statutory audit opinion within the Group were subject to full scope

audit performed by Mazars LLP. On the residual entities within the Group, we audited them to an allocation of group materiality.

At the parent level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

### Other information

The other information comprises the information included in the Annual Report and Accounts other than the financial statements and our Auditor's Report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement

in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.



We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a corporate governance statement has not been prepared by the parent Company.

### Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 55, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Based on our understanding of the Group and the parent Company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the non-compliance with implementation of government support schemes relating to Covid-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006.

We evaluated the Directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates such as stock provisions, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with the Directors and management their policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Group and the parent Company which were contrary to the applicable laws and regulations, including fraud.

Our procedures in relation to fraud included but were not limited to:

- making enquiries of the Directors and management on whether they had knowledge of any actual, suspected or alleged fraud;

- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

The primary responsibility for the prevention and detection of irregularities including fraud rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

As a result of our procedures, we did not identify any key audit matters relating to irregularities. The risks of material misstatement that had the greatest effect on our audit, including fraud, are discussed under "Key audit matters" within this report.

A further description of our responsibilities is available on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### Use of the audit report

This report is made solely to the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the parent company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent Company and the parent Company's members as a body for our audit work, for this report, or for the opinions we have formed.



### Robert Neate (Senior Statutory Auditor)

for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor  
The Pinnacle, 60 Midsummer Boulevard  
Milton Keynes, MK9 1FF  
17 March 2021

# Consolidated Income Statement

for the year ended 31 December 2020

	Notes	Year to 31 December 2020 £'000	Year to 31 December 2019 £'000
Revenue	4,5	87,854	92,816
Operating costs before exceptionals	6	(85,661)	(84,988)
<b>Headline operating profit<sup>(1)</sup></b>		<b>2,193</b>	7,828
Exceptional items	6		
– restructuring costs		(1,288)	(688)
– acquisition costs		(104)	(574)
– share issue costs		(55)	—
– Covid-19 costs		(176)	—
– gain on disposal of associate		—	947
<b>Operating Profit</b>		<b>570</b>	7,513
Interest income	9	13	44
Finance costs	10	(740)	(632)
Share of results of associated undertakings		(75)	175
<b>Headline profit before tax<sup>(1)</sup></b>		<b>1,391</b>	7,415
Exceptional items	6		
– restructuring costs		(1,288)	(688)
– acquisition costs		(104)	(574)
– share issue costs		(55)	—
– Covid-19 costs		(176)	—
– gain on disposal of associate		—	947
<b>(Loss)/profit before tax</b>		<b>(232)</b>	7,100
Tax <sup>(2)</sup>	11	(503)	(1,286)
<b>(Loss)/profit for the period attributable to equity holders</b>		<b>(735)</b>	5,814
<b>Earnings per share</b>	13		
Basic		(6.02)p	54.66p
Diluted		(6.02)p	54.58p
<b>Headline earnings per share<sup>(1)</sup></b>	13		
Basic		4.96p	56.32p
Diluted		4.95p	56.24p
Dividends proposed and paid per share	12	0.00p	8.00p

All the above figures relate to continuing operations.

(1) Headline operating profit is statutory operating profit of £570,000 (2019: £7,513,000) add exceptional items of £1,623,000 (2019: £315,000). Headline profit before tax is statutory loss before tax of £232,000 (2019: £7,100,000 profit before tax) add exceptional items of £1,623,000 (2019: £315,000).

(2) Tax on exceptional items in the current period has reduced the charge by £283,000 (2019: £138,000).



# Consolidated Statement of Comprehensive Income

for the year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
(Loss)/profit for the year		<b>(735)</b>	5,814
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Remeasurement of net defined benefit pension scheme liability	32	<b>(3,208)</b>	(1,624)
Deferred tax relating to items that will not be reclassified subsequently to profit or loss	26	<b>843</b>	276
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		<b>(525)</b>	(1,141)
Deferred tax relating to items that may be reclassified subsequently to profit or loss	26	<b>(26)</b>	46
Other comprehensive income for the year		<b>(2,916)</b>	(2,443)
<b>Total comprehensive income for the year attributable to equity holders</b>		<b>(3,651)</b>	3,371

# Consolidated Balance Sheet

31 December 2020

	Notes	2020 £'000	2019 £'000
<b>Non-current assets</b>			
Goodwill	14	8,978	8,978
Intangible assets	15	6,976	7,647
Property, plant and equipment	16	12,197	11,261
Right-of-use assets	17	6,910	6,146
Interests in associates	18	—	713
Deferred tax asset	26	119	306
<b>Total non-current assets</b>		<b>35,180</b>	35,051
<b>Current assets</b>			
Inventories	20	27,313	26,619
Trade and other receivables	21	15,269	19,274
Current income tax asset		579	247
Cash and cash equivalents	22	11,590	1,151
<b>Total current assets</b>		<b>54,751</b>	47,291
<b>Total assets</b>		<b>89,931</b>	82,342
<b>Current liabilities</b>			
Trade and other payables	23	(12,601)	(12,915)
Lease liabilities	24	(2,143)	(1,273)
Borrowings	29	(3,972)	(4,543)
<b>Total current liabilities</b>		<b>(18,716)</b>	(18,731)
<b>Non-current liabilities</b>			
Pension scheme deficit	32	(2,721)	(414)
Deferred tax liability	26	(738)	(1,086)
Lease liabilities	24	(5,096)	(5,083)
Borrowings	29	(6,951)	(8,930)
<b>Total non-current liabilities</b>		<b>(15,506)</b>	(15,513)
<b>Total liabilities</b>		<b>(34,222)</b>	(34,244)
<b>Net assets</b>		<b>55,709</b>	48,098
<b>Equity</b>			
Called up share capital	27	710	555
Share premium account		18,344	7,310
Investment in own shares	28	(3,140)	(3,146)
Share-based payment reserve		152	87
Translation reserve		1,077	1,628
Retained earnings		38,566	41,664
<b>Total equity</b>		<b>55,709</b>	48,098

These financial statements were approved by the Board of Directors and authorised for issue on 17 March 2021.

They were signed on its behalf by:

**M.T Raybould**

Director

**D. Sproston**

Director



# Company Balance Sheet

31 December 2020

	Notes	2020 £'000	2019 £'000
<b>Non-current assets</b>			
Investment in subsidiaries	19	23,595	12,366
<b>Total non-current assets</b>		<b>23,595</b>	12,366
<b>Current assets</b>			
Trade and other receivables	21	3,730	3,928
Cash and cash equivalents		—	—
<b>Total current assets</b>		<b>3,730</b>	3,928
<b>Total assets</b>		<b>27,325</b>	16,294
<b>Total liabilities</b>		<b>(8)</b>	—
<b>Net assets</b>		<b>27,317</b>	16,294
<b>Equity</b>			
Called up share capital	27	710	555
Share premium account		18,344	7,310
Other reserves		197	197
Investment in own shares	28	(3,140)	(3,146)
Share-based payment reserve		152	87
Retained earnings		11,054	11,291
<b>Total equity</b>		<b>27,317</b>	16,294

The Company reported a loss for the financial year ended 31 December 2020 of £235,000 (2019: £3,771,000 profit).

The financial statements of Portmeirion Group PLC, company registration number 124842, were approved by the Board of Directors and authorised for issue on 17 March 2021.

They were signed on its behalf by:

**M.T. Raybould**

Director

**D. Sproston**

Director

# Consolidated Statement of Changes in Equity

for the year ended 31 December 2020

	Share capital £'000	Share premium account £'000	Investment in own shares £'000	Share-based payment reserve £'000	Translation reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2019	555	7,310	(3,257)	282	2,723	41,037	48,650
Profit for the year	—	—	—	—	—	5,814	5,814
Other comprehensive income for the year	—	—	—	—	(1,095)	(1,348)	(2,443)
Total comprehensive income for the year	—	—	—	—	(1,095)	4,466	3,371
Dividends paid	—	—	—	—	—	(3,990)	(3,990)
Decrease in share-based payment reserve	—	—	—	(39)	—	—	(39)
Transfer on exercise or lapse of options	—	—	—	(156)	—	156	—
Shares issued under employee share schemes	—	—	111	—	—	(8)	103
Deferred tax on share-based payment	—	—	—	—	—	3	3
<b>At 1 January 2020</b>	<b>555</b>	<b>7,310</b>	<b>(3,146)</b>	<b>87</b>	<b>1,628</b>	<b>41,664</b>	<b>48,098</b>
Loss for the year	—	—	—	—	—	(735)	(735)
Other comprehensive income for the year	—	—	—	—	(551)	(2,365)	(2,916)
Total comprehensive income for the year	—	—	—	—	(551)	(3,100)	(3,651)
Unclaimed dividends written back	—	—	—	—	—	4	4
Issue of own shares	155	11,074	—	—	—	—	11,229
Cost of issue of own shares	—	(40)	—	—	—	—	(40)
Increase in share-based payment reserve	—	—	—	86	—	(21)	65
Transfer on exercise or lapse of options	—	—	—	(21)	—	21	—
Shares issued under employee share schemes	—	—	6	—	—	(6)	—
Deferred tax on share-based payment	—	—	—	—	—	4	4
<b>At 31 December 2020</b>	<b>710</b>	<b>18,344</b>	<b>(3,140)</b>	<b>152</b>	<b>1,077</b>	<b>38,566</b>	<b>55,709</b>

The nature of each reserve is explained in note 2.17 on pages 72 and 73.



## Company Statement of Changes in Equity

for the year ended 31 December 2020

	Share capital £'000	Share premium account £'000	Other reserves £'000	Investment in own shares £'000	Share- based payment reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2019	555	7,310	197	(3,257)	282	11,362	16,449
Profit for the year	—	—	—	—	—	3,771	3,771
Total comprehensive income for the year	—	—	—	—	—	3,771	3,771
Dividends paid	—	—	—	—	—	(3,990)	(3,990)
Decrease in share-based payment reserve	—	—	—	—	(39)	—	(39)
Transfer on exercise or lapse of options	—	—	—	—	(156)	156	—
Shares issued under employee share schemes	—	—	—	111	—	(8)	103
<b>At 1 January 2020</b>	<b>555</b>	<b>7,310</b>	<b>197</b>	<b>(3,146)</b>	<b>87</b>	<b>11,291</b>	<b>16,294</b>
Loss for the year	—	—	—	—	—	(235)	(235)
Total comprehensive income for the year	—	—	—	—	—	(235)	(235)
Unclaimed dividends written back	—	—	—	—	—	4	4
Issue of own shares	155	11,074	—	—	—	—	11,229
Cost of issue of own shares	—	(40)	—	—	—	—	(40)
Increase in share-based payment reserve	—	—	—	—	86	(21)	65
Transfer on exercise or lapse of options	—	—	—	—	(21)	21	—
Shares issued under employee share schemes	—	—	—	6	—	(6)	—
<b>At 31 December 2020</b>	<b>710</b>	<b>18,344</b>	<b>197</b>	<b>(3,140)</b>	<b>152</b>	<b>11,054</b>	<b>27,317</b>

The nature of each reserve is explained in note 2.17 on pages 72 and 73.

# Consolidated Statement of Cash Flows

for the year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
<b>Operating profit</b>		<b>570</b>	7,513
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	16	1,634	1,479
Depreciation of right-of-use assets	17	2,037	1,770
Amortisation of intangible assets	15	848	677
Charge/(credit) for share-based payments	34	65	(39)
Exchange loss		(100)	(14)
Profit on sale of associated undertakings		—	(947)
Loss on sale of tangible fixed assets		12	4
<b>Operating cash flows before movements in working capital</b>		<b>5,066</b>	10,443
Decrease/(increase) in inventories		171	(3,882)
Decrease/(increase) in receivables		4,398	(2,390)
Decrease in payables		(913)	(1,518)
<b>Cash generated from operations</b>		<b>8,722</b>	2,653
Contributions to defined benefit pension scheme	32	(900)	(1,200)
Interest paid		(497)	(566)
Income taxes paid		(125)	(1,478)
<b>Net cash inflow/(outflow) from operating activities</b>		<b>7,200</b>	(591)
<b>Investing activities</b>			
Interest received		12	11
Dividend received from associate		—	120
Proceeds on disposal of investments		—	3,263
Purchase of investments		—	(363)
Purchase of property, plant and equipment	16	(2,556)	(1,548)
Purchase of intangible assets	15	(196)	(450)
Acquisition of subsidiary		(541)	(9,434)
<b>Net cash outflow from investing activities</b>		<b>(3,281)</b>	(8,401)
<b>Financing activities</b>			
Equity dividends paid	12	—	(3,990)
Shares issued under employee share schemes		—	103
Issue of own shares		11,229	—
Costs taken directly through reserves		(40)	—
New bank loans raised	25	5,000	17,491
Principal elements of lease payments		(2,084)	(1,635)
Repayments of borrowings	25	(7,581)	(9,000)
<b>Net cash inflow from financing activities</b>		<b>6,524</b>	2,969
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>10,443</b>	(6,023)
Cash and cash equivalents at beginning of year		1,151	7,214
Effect of foreign exchange rate changes		(4)	(40)
<b>Cash and cash equivalents at end of year</b>		<b>11,590</b>	1,151



# Company Statement of Cash Flows

for the year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
<b>Operating (loss)/profit</b>		<b>(235)</b>	3,771
<i>Adjustments for:</i>			
Charge/(credit) for share-based payments	34	65	(39)
<b>Operating cash flows before movements in working capital</b>		<b>(170)</b>	3,732
Decrease in receivables		202	155
Increase in payables		8	—
<b>Cash generated from operations</b>		<b>40</b>	3,887
Income taxes paid		—	—
<b>Net cash inflow from operating activities</b>		<b>40</b>	3,887
<b>Investing activities</b>			
Capital contribution		(11,229)	—
<b>Net cash outflow from investing activities</b>		<b>(11,229)</b>	—
<b>Financing activities</b>			
Equity dividends paid	12	—	(3,990)
Issue of own shares		11,229	—
Cost of issue of own shares		(40)	—
Shares issued under employee share schemes		—	103
<b>Net cash inflow/(outflow) from financing activities</b>		<b>11,189</b>	(3,887)
Net movement in cash and cash equivalents		—	—
Cash and cash equivalents at beginning of year		—	—
<b>Cash and cash equivalents at end of year</b>		<b>—</b>	—

# Notes to the Financial Statements

## 1. Basis of preparation

Portmeirion Group PLC is a company incorporated in England and Wales. The address of the registered office is given on page 101. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 1 to 27. The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The financial statements have been prepared on the historical cost basis, with the exception of derivative financial instruments which are stated at their fair value.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present an income statement.

At the year end the Group had net cash of £0.7 million (comprising cash and cash equivalents of £11.6 million less borrowings of £10.9 million) and cash and unutilised bank facilities of £26.6 million. Operating cash generation was strong during the year at £7.2 million (2019: operating cash used of £0.6 million).

The Group sells into over 70 countries worldwide and has a spread of customers within its major UK and US markets with adequate credit insurance cover in export markets where required. The Group manufactures approximately 42% of its products and sources the remainder from a range of third-party suppliers.

The trading performance of the Group was impacted during 2020 by the Covid-19 pandemic, but despite the non-essential retail closures the Group continued to see strong demand for our products and experienced significant growth in sales made via online channels. Whilst there is potential for future disruption from the pandemic, the Group is well diversified and retains a strong balance sheet with significant funding headroom available.

The Group has also produced a sensitivity analysis to its cash flow forecast based upon current trading conditions to allow for further potential impact of Covid-19; this demonstrated the Group still has sufficient headroom within borrowing facilities.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

These financial statements are presented in pounds sterling. Foreign operations are included in accordance with the policies set out in note 2.6.

In the current year, the Group has applied a number of amendments to IFRS issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period beginning on 1 January 2020.

The following new and revised standards and interpretations have also been adopted in the current year but none have had a significant impact on the amounts reported in these financial statements.

	Effective date periods beginning on or after
Amendments to IAS 1 and IAS 8 on definition of material	1 January 2020
Amendments to IFRS 3 'Business Combinations'	1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark reform	1 January 2020
Amendments to IFRS 16 Leases Covid-19 Related rent concessions	1 June 2020

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS that have been issued but are not yet effective and (in some cases) had not yet been adopted:

	Effective date periods beginning on or after
Amendments to IFRS 4 Insurance contracts	1 January 2021
IFRS 17, 'Insurance contracts'	Not yet endorsed
Narrow scope amendments to IFRS 3, IAS 16 and IAS 37	Not yet endorsed
Annual improvements to IFRS 2018 – 2020	Not yet endorsed
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest rate benchmark reform – phase 2	Not yet endorsed
Amendments to IAS 1, Presentation of financial statements' on classification of liabilities	Not yet endorsed

The Directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods.



## 2. Significant accounting policies

The accounting policies which follow set out those policies which were applied in preparing the financial statements for the year ended 31 December 2020.

### 2.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of Portmeirion Group PLC and its subsidiaries. The Group's cost of associated undertakings adjusted for the share of the results are included.

Subsidiary undertakings are consolidated on the basis of the acquisition method of accounting where the Group has overall control of that entity. Intra-group transactions and balances are eliminated fully on consolidation and the consolidated accounts reflect external transactions only. Subsidiaries' accounting policies are amended where necessary to ensure consistency with the policies adopted by the Group.

All accounts for subsidiaries and associated undertakings have been prepared for the year ended 31 December 2020.

### 2.2 Investments

Fixed asset investments for the Company in subsidiaries and associates are shown at cost less provision for impairment.

### 2.3 Investment in associated undertakings ("associates")

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results, assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate.

Where a Group company transacts with an associate of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

### 2.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes. Revenue is reduced for estimated customer returns, rebates and other similar allowances based on historical evidence.

Sales of goods are recognised when title has passed as this is the only performance obligation required.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Royalty revenue is recognised on an accruals basis in accordance with the substance of the relevant agreement.

Royalties determined on a time basis are recognised on a straight-line basis over the period of the agreement.

### 2.5 Leases

#### The Group as a lessee

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an asset, the Group assesses whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract the Group has the right to direct the use of the identified asset throughout the period of use; and
- the Group has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

#### Measurement and recognition of leases as a lessee

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset. The Group has applied this methodology to its land and buildings where sufficient historical information has been available to facilitate this.

## Notes to the Financial Statements continued

### 2. Significant accounting policies continued

#### 2.5 Leases continued

##### Measurement and recognition of leases as a lessee continued

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

#### 2.6 Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). The results and financial position of each Group company are expressed in pounds sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the year.

In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward contracts (see note 2.18 for details of the Group's accounting policies in respect of such derivative financial instruments).

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

#### 2.7 Operating profit

Operating profit is stated before interest income, finance costs and share of results of associated undertakings.

#### 2.8 Exceptional items

The Group's income statement separately identifies exceptional items. Such items are those that in the Director's judgement are one-off in nature or non-operating and need to be disclosed separately by virtue of their size or incidence and may include, but are not limited to, restructuring costs, acquisition-related costs and gains/losses from disposal of investments. In determining whether an item should be disclosed separately as an exceptional item, the Directors consider quantitative as well as qualitative factors such as the frequency, predictability of occurrence and significance. This is consistent with the way financial performance is measured by management and reported to the Board. Disclosing exceptional items separately provides additional understanding and transparency of the performance of the Group.

#### 2.9 Group pension schemes

Payments to defined contribution retirement schemes are charged as an expense in the period to which they relate.

For defined benefit schemes, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at least triennially and updated at each balance sheet date. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside profit or loss and presented in other comprehensive income.

Past service costs are recognised in profit or loss when the plan amendment or curtailment occurs, or when the Group recognises related restructuring costs or termination benefits, if earlier. The retirement benefit obligation recognised in the balance sheet represents the deficit or surplus in the Group's defined benefit pension scheme. Any surplus resulting from this fluctuation is limited to the present value of any economic benefits available in the form of refunds from the schemes or reductions in future contributions to the scheme.



## 2. Significant accounting policies continued

### 2.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

#### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. It also includes tax relief for contributions that are not expenses. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

#### Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

### 2.11 Property, plant and equipment

Freehold and leasehold land is not depreciated. Property, plant and equipment are held at cost less accumulated depreciation and any recognised impairment losses.

Depreciation is recognised so as to write off the cost of assets (other than land) less their residual values over their useful lives, using the straight-line or the reducing balance method, on the following bases:

Freehold and leasehold buildings	–	2% per annum
Leasehold improvements	–	6% to 30% per annum
Plant and vehicles	–	5% to 33% per annum

### 2.12 Intangible assets

Purchases of intellectual property and customer lists are included at cost and written off in equal annual instalments over their estimated useful economic life of between ten and twenty years. Provision is made for any impairment.

Computer software is held at cost less accumulated amortisation less any recognised impairment losses. Amortisation is charged so as to write off the cost of assets less their residual value over their useful lives, using the straight-line method. The estimated useful life of computer software is between three and ten years.

### 2.13 Impairment of tangible assets, intangible assets and goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

## Notes to the Financial Statements continued

### 2. Significant accounting policies continued

#### 2.13 Impairment of tangible assets, intangible assets and goodwill continued

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

Goodwill is not amortised but is reviewed for impairment at least annually. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying value of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset of the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

#### 2.14 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value in the acquiree. Acquisition related costs are expensed as incurred and included in exceptional costs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in these circumstances is remeasured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

#### 2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

#### 2.16 Research and development

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Development activities are capitalised where appropriate.

#### 2.17 Equity

Ordinary shares are classified as equity. The excess of the nominal value of ordinary shares received upon the issue of a new share is classified as share premium.

Investment in own shares has been classified as a deduction from equity. These shares are valued at the weighted average cost of purchase and comprise treasury shares and shares held by an employee benefit trust. The employee benefit trust is controlled by the Company and Group and as such is consolidated into the reported figures.



## 2. Significant accounting policies continued

### 2.17 Equity continued

The share-based payment reserve represents the cumulative charge on outstanding share options. Once the options have been exercised or lapsed, this reserve is transferred into retained earnings.

The translation reserve represents the aggregate of the cumulative exchange differences arising from the retranslation of the balance sheets of non-sterling denominated subsidiary undertakings.

Retained earnings are the cumulative profits recognised by the Group and the Company.

The Company other reserve is a merger reserve arising on the purchase of subsidiary undertakings.

### 2.18 Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

#### Derivative financial instruments

The Group's activities expose it to the financial risks of changes in foreign currency exchange rates. The Group uses foreign exchange forward contracts to hedge this exposure. The Group does not use derivative financial instruments for speculative purposes.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

#### Receivables

Trade receivables and other receivables are measured at amortised cost, because the payments are solely payments of principal and interest is held to collect. Impairment is determined by reference to expected credit loss.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

#### Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Further details on the Group's financial instruments can be found in note 33.

### 2.19 Share-based payments

Equity-settled share option schemes and long-term incentive plans are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 34.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

Cash-settled share-based payments are measured at fair value at the grant date. The fair value determined at the grant date of the cash-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of cash instruments that will eventually vest. A corresponding adjustment is made to liabilities. At each reporting date, the recognised liability is remeasured with changes recognised in profit or loss. The liability is included in other creditors.

### 2.20 Government grants

The Group has received funding from various Governments in relation to Covid-19. Government income is recognised in profit or loss (as a deduction in the related expense) on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate. Where it is not yet considered highly probable that Government funding will not have to be repaid, this element is deferred on the balance sheet within other creditors.

## Notes to the Financial Statements continued

### 3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

#### Critical judgements in applying the Group's accounting policies

The following are the critical judgements that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

#### Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for goods or services. A number of the Group's customers purchase goods on a sale or return basis, where at the year end the value of potential returns is unknown. Management have included an estimated provision for goods sold on a sale or return basis as a reduction to revenue.

In making this judgement, management has considered the detailed criteria for the recognition of revenue from the sale of goods set out in IFRS 15 'Revenue', and made a best estimate of the anticipated returns from customers.

#### Depreciation and amortisation

The Directors exercise judgement to determine useful lives and residual values of tangible and intangible assets. The assets are depreciated or amortised over their estimated useful life.

#### Impairment of inventory

Inventories are stated at the lower of cost and net realisable value. At the year end, the future sale value of some slow-moving and obsolete inventory is uncertain, and a provision has been included where management feels this value falls below cost. The level of provision is determined by management estimates based on historical and forecast sales and potential net realisable value.

#### Defined benefit pension scheme

The valuation of the Group's defined benefit pension scheme assets and liabilities under IAS 19 'Employee Benefits' is disclosed in note 32. IAS 19 required a net asset or liability to be recognised in the Group balance sheet based upon relevant actuarial assumptions at each balance sheet date. The significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected inflation assumptions and life expectancy. Management receives independent advice from an actuary in the preparation of these assumptions.

#### Intangible assets and goodwill

The Group holds a number of intangible assets and goodwill that have been acquired in business combinations. These assets are held at cost (which on initial recognition would in all cases be expected to be fair value) less amortisation and any impairment. At each balance sheet date management reviews the appropriate value of these assets to ensure there are no indicators of impairment that would require a write-down in fair value. Management also reviews future discounted cash flow forecasts to ensure the fair value is still appropriate.

#### Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

#### Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.



#### 4. Revenue

An analysis of the Group's revenue is as follows:

	2020 £'000	2019 £'000
Continuing operations		
Sale of goods	<b>87,703</b>	92,639
Royalties	<b>151</b>	177
	<b>87,854</b>	92,816

#### 5. Segmental analysis

IFRS 8 requires operating segments to be identified on the basis of internal reports about the components of the Group that are regularly reviewed by the Chief Executive to allocate resources to the segments and to assess their performance. Based upon the nature and extent of these internal reports, the Directors are of the opinion that there are three reportable segments under IFRS 8, namely Portmeirion UK, Portmeirion North America and Global home fragrance. The Directors are of the opinion that only one class of business is being undertaken, that of the manufacture and sale of ceramics, home fragrances and associated homeware.

Revenue by origin	2020			2019		
	Total sales £'000	Inter-segment sales £'000	Sales to third parties £'000	Total sales £'000	Inter-segment sales £'000	Sales to third parties £'000
Portmeirion UK	<b>41,393</b>	<b>(3,307)</b>	<b>38,086</b>	48,203	(2,569)	45,634
Portmeirion North America	<b>35,159</b>	<b>(223)</b>	<b>34,936</b>	32,513	(136)	32,377
Global home fragrance	<b>14,832</b>	—	<b>14,832</b>	14,805	—	14,805
	<b>91,384</b>	<b>(3,530)</b>	<b>87,854</b>	95,521	(2,705)	92,816

Inter-segment sales are charged at prevailing market prices.

The following table provides an analysis of the Group's revenue by geographical market, irrespective of the origin of the products:

Revenue	2020 £'000	2019 £'000
United Kingdom	<b>31,845</b>	32,579
United States	<b>33,493</b>	32,477
South Korea	<b>13,071</b>	20,758
Rest of the World	<b>9,445</b>	7,002
	<b>87,854</b>	92,816

The accounting policies of the reportable segments are the same as the Group's accounting policies as described in note 2. Segment profit represents the profit earned by each segment without allocation of the share of results of associates, interest income, finance costs and income tax expense. This is the measure reported to the Group's Chief Executive for the purpose of resource allocation and assessment of segment performance.

For the purposes of monitoring segment performance and allocating resources between segments the Group's Chief Executive monitors the tangible, intangible and financial assets attributable to each segment. All assets are allocated to reportable segments with the exception of interests in associates. Assets used jointly by reportable segments are allocated on the basis of contribution earned by individual reportable segments.

## Notes to the Financial Statements continued

## 5. Segmental analysis continued

	2020 £'000	2019 £'000
Operating profit by origin		
Portmeirion UK	1,144	5,025
Portmeirion North America	869	1,785
Global home fragrance	180	1,018
Operating profit	2,193	7,828
<i>Unallocated items:</i>		
Exceptional items	(1,623)	(315)
Share of results of associated undertakings	(75)	175
Interest income	13	44
Finance costs	(740)	(632)
(Loss)/profit before tax	(232)	7,100
Tax	(503)	(1,286)
(Loss)/profit after tax	(735)	5,814

Other information	2020				2019			
	Portmeirion UK £'000	Portmeirion North America £'000	Global home fragrance £'000	Consolidated £'000	Portmeirion UK £'000	Portmeirion North America £'000	Global home fragrance £'000	Consolidated £'000
Capital additions	1,682	2,053	1,406	5,141	1,543	191	788	2,522
Depreciation and amortisation	1,503	1,802	1,214	4,519	1,495	1,285	1,146	3,926
<i>Balance sheet:</i>								
<b>Assets</b>								
Non-current segment assets	10,041	10,084	15,055	35,180	9,898	9,573	14,867	34,338
Other segment assets	27,715	16,375	10,661	54,751	23,831	15,083	8,377	47,291
Total segment assets	37,756	26,459	25,716	89,931	33,729	24,656	23,244	81,629
Interests in associates				—				713
Consolidated total assets				89,931				82,342
<b>Liabilities</b>								
Consolidated total liabilities	21,291	8,339	4,592	34,222	22,473	7,274	4,497	34,244

All non-current segment assets relate to the UK business other than £10,084,000 (2019: £9,573,000) which relate to the North America business segment.

	2020 £'000	2019 £'000
Reconciliation of earnings before interest, tax, depreciation and amortisation (EBITDA)		
Operating profit less exceptional items	570	7,513
<i>Add back:</i>		
Depreciation	3,671	3,249
Amortisation	848	677
Earnings before interest, tax, depreciation and amortisation	5,089	11,439



## 6. Operating costs

	2020 £'000	2019 £'000
Cost of inventories recognised as an expense	41,230	40,980
Movement on inventory impairment provision	582	(1,936)
Other external charges	14,366	14,650
Staff costs (note 7)	27,324	26,912
Covid-19 Government support	(3,475)	—
Depreciation of property, plant and equipment	1,634	1,479
Depreciation of right-of-use assets	2,037	1,770
Amortisation of intangible assets	848	677
Impairment of trade receivables	500	9
Cost of research and development	538	412
Net foreign exchange losses	77	35
	<b>85,661</b>	<b>84,988</b>

Government grants were receivable as part of Government initiatives to provide financial support as a result of Covid-19 lockdowns. There are no future related costs in respect of these grants which are receivable solely as compensation for past expenses.

The Group received funding from the UK Government's 'Coronavirus Job Retention Scheme' and retail support grants, the US Government's 'Paycheck Protection Programme' and the Canadian Government's 'Emergency Wage Subsidy'. In total this support amounted to £3,475,000 (2019: £nil) and is included as a credit within operating costs.

Exceptional items by type are as follows:

	2020 £'000	2019 £'000
Restructuring costs	1,288	688
Acquisition costs	104	574
Share issue costs	55	—
Covid-19 costs	176	—
Gain on disposal of associate	—	(947)
	<b>1,623</b>	<b>315</b>

Restructuring costs relate to a redundancy exercise undertaken within the Group, acquisition costs have been incurred on the purchase of Portmeirion Canada Inc., share issue costs relating to legal and listing fees were incurred in the raising of finance and Covid-19 costs were required to make the business covid secure for the health and safety of all employees. All of these costs are exceptional in nature and non-recurring.

## 7. Staff numbers and costs

	2020 Number	2019 Number
<i>The average number of persons employed during the year, including Directors:</i>		
Operatives	491	496
Support staff	359	351
	<b>850</b>	<b>847</b>

The Company had no employees in the current or preceding years. All employee costs are paid for by Group companies.

## Notes to the Financial Statements continued

## 7. Staff numbers and costs continued

	2020 £'000	2019 £'000
<b>Staff costs</b>		
Wages and salaries	22,982	22,587
Social security costs	2,036	1,992
Other pension costs	1,407	1,605
	<b>26,425</b>	26,184
Non-monetary benefits	899	728
	<b>27,324</b>	26,912
	2020 £'000	2019 £'000
<i>Directors' emoluments:</i>		
Salary and fees, taxable benefits and incentive	1,483	1,526
Long-term incentive plan	23	80
Pension contributions	106	120
	<b>1,612</b>	1,726

The Directors' emoluments disclosed above reflect emoluments received by the Directors for the period in 2020 during which they were a Director of the company.

There were no gains made on the exercise of share options in 2020 (2019: £nil).

	2020 Number	2019 Number
Number of Directors who were members of a defined contribution pension scheme during the year	6	6
Number of Directors who exercised options over shares in the ultimate parent company	1	2
	2020 £'000	2019 £'000
<i>Remuneration of the highest paid Director:</i>		
Salary and fees, taxable benefits and incentive	391	576
Long-term incentive plan	23	55
Pension contributions	22	24
	<b>436</b>	655

## 8. Auditors' remuneration

	2020 £'000	2019 £'000
Fees payable to the Group's auditors for the audit of the Group's annual accounts	101	90
Other audit related services – interim review	15	7
The audit of the Company's subsidiaries	20	15
Total audit related fees	<b>136</b>	112
Fees payable to the Group's auditors and their associates in respect of associated pension schemes		
Audit of the Portmeirion Potteries Limited Retirement Benefits Scheme	5	5
	<b>5</b>	5

The audit fee for the Company was £2,000 (2019: £1,700).

Fees payable to Mazars LLP and their associates for non-audit services to the Company are £nil (2019: £nil). There were no non-audit services provided on a consolidated basis in 2020 (2019: £nil).



## 9. Interest income

	2020 £'000	2019 £'000
Bank deposits	12	11
Unrealised profits on financial derivatives	—	17
Net interest income on pension scheme deficit (note 32)	1	16
	<b>13</b>	<b>44</b>

Interest income relates to amounts received on financial assets and classified as cash and cash equivalents.

## 10. Finance costs

	2020 £'000	2019 £'000
Interest paid	561	487
Interest on lease liabilities	179	138
Realised losses on financial derivatives	—	7
	<b>740</b>	<b>632</b>

Interest paid relates to amounts paid on financial liabilities held at amortised cost.

## 11. Taxation on profit on ordinary activities

	2020 £'000	2019 £'000
<b>Current taxation</b>		
United Kingdom corporation tax at 19% (2019: 19%)	(40)	519
Overseas taxation	(155)	168
	<b>(195)</b>	<b>687</b>
<b>Deferred taxation</b>		
Origination and reversal of temporary differences	302	392
Pension scheme	396	207
	<b>698</b>	<b>599</b>
	<b>503</b>	<b>1,286</b>

United Kingdom corporation tax is calculated at 19% (2019: 19%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The actual tax charge for the current and the previous year differs from the standard rate for the reasons set out in the following reconciliation:

	2020 £'000	2019 £'000
(Loss)/profit on ordinary activities before taxation	(232)	7,100
Tax on (loss)/profit on ordinary activities at standard rate of 19% (2019: 19%)	(44)	1,349
<i>Factors affecting charge for the year:</i>		
Expenses not deductible for tax purposes and other adjustments	66	(146)
Foreign tax charged at higher rates than UK standard rate	2	86
Adjustments in respect of previous periods	92	30
Deferred tax rate change	387	—
Differences relating to associates' tax charge	—	(33)
Total tax on profit on ordinary activities	<b>503</b>	<b>1,286</b>

Future tax charges will be impacted by any tax rate changes.

## Notes to the Financial Statements continued

## 12. Dividends paid

	2020 £'000	2019 £'000
Final dividend of 0.00p per share paid in respect of the year ended 31 December 2019 (2019: final dividend of 29.50p per share paid in respect of the year ended 31 December 2018)	—	3,138
Interim dividend of 0.00p per share paid in respect of the year ended 31 December 2020 (2019: interim dividend of 8.00p per share paid in respect of the year ended 31 December 2019)	—	852
Unclaimed dividends written back	(4)	—
<b>Total dividends (received)/paid in the year</b>	<b>(4)</b>	<b>3,990</b>

Due to the unprecedented uncertainty facing businesses around the world from Covid-19, the Board is not recommending a final dividend at this time (2019: 0.00p), giving total dividends paid and proposed for the year of 0.00p (2019: 8.00p).

## 13. Earnings per share

The calculation of basic and diluted earnings per share is based on the following data:

	2020			2019		
	Earnings £'000	Weighted average number of shares	Earnings per share (p)	Earnings £'000	Weighted average number of shares	Earnings per share (p)
Basic earnings per share	(735)	12,208,723	(6.02)	5,814	10,637,059	54.66
<i>Effect of dilutive securities:</i>						
– employee share options	—	—	—	—	15,935	—
<b>Diluted earnings per share</b>	<b>(735)</b>	<b>12,208,723</b>	<b>(6.02)</b>	<b>5,814</b>	<b>10,652,994</b>	<b>54.58</b>

The calculation of basic and diluted headline earnings per share adjusted for exceptional items and associated tax benefits is based on the following data:

	2020			2019		
	Earnings £'000	Weighted average number of shares	Earnings per share (p)	Earnings £'000	Weighted average number of shares	Earnings per share (p)
Basic earnings per share	605	12,208,723	4.96	5,991	10,637,059	56.32
<i>Effect of dilutive securities:</i>						
– employee share options	—	8,335	—	—	15,935	—
<b>Diluted earnings per share</b>	<b>605</b>	<b>12,217,058</b>	<b>4.95</b>	<b>5,991</b>	<b>10,652,994</b>	<b>56.24</b>

## 14. Goodwill

	Total £'000
Cost	
<b>At 1 January and 31 December 2020</b>	<b>8,978</b>

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units, or group of units that are expected to benefit from that business combination.

The Group tests annually for impairment, or more frequently if there are indications that goodwill might be impaired. Goodwill has been tested for impairment during the year.

The recoverable amounts of the cash-generating units are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the cash-generating unit. Future growth rates and expected changes to selling prices and direct costs are estimated based upon historical and anticipated trading performance. There have been no significant changes in these assumptions during the financial year.



## 14. Goodwill continued

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management and projects these cash flows by 5 years and then into perpetuity at a growth rate of 1.5% for all cash generating units. These budgets are based on current trading performance and do not envisage any changes to the current business model. This rate does not exceed the average long-term growth rate for the relevant markets.

The rate used to discount the forecast cash flows is 5%.

The Directors performed sensitivity analysis on the estimates of value in use by assuming no growth in cash flow forecasts in one scenario and by increasing the discount rate to 10% in another scenario. It was found that the excess of value in use over the carrying amount would be reduced, but still no impairment would be required.

Goodwill includes £7,229,000 relating to the Global home fragrance division and £1,749,000 relating to the Portmeirion North America division.

## 15. Intangible assets

	Computer software £'000	Customer lists £'000	Intellectual property £'000	Total £'000
<b>Cost</b>				
At 1 January 2019	535	2,070	6,591	9,196
Additions	450	—	—	450
Recognised on acquisition of a subsidiary	—	—	2,319	2,319
Disposals	(1)	—	—	(1)
Exchange rate adjustments	—	—	(128)	(128)
At 1 January 2020	984	2,070	8,782	11,836
Additions	196	—	—	196
Recognised on acquisition of a subsidiary	41	—	—	41
Transfer	423	—	—	423
Exchange rate adjustments	—	—	(68)	(68)
<b>At 31 December 2020</b>	<b>1,644</b>	<b>2,070</b>	<b>8,714</b>	<b>12,428</b>
<b>Amortisation</b>				
At 1 January 2019	266	552	2,698	3,516
Charge for the year	99	207	371	677
On disposals	(1)	—	—	(1)
Exchange rate adjustments	—	—	(3)	(3)
At 1 January 2020	364	759	3,066	4,189
Charge for the year	147	207	494	848
Transfer	427	—	—	427
Exchange rate adjustments	—	—	(12)	(12)
<b>At 31 December 2020</b>	<b>938</b>	<b>966</b>	<b>3,548</b>	<b>5,452</b>
<b>Net book value</b>				
<b>At 31 December 2020</b>	<b>706</b>	<b>1,104</b>	<b>5,166</b>	<b>6,976</b>
At 31 December 2019	620	1,311	5,716	7,647

Included within intellectual property are the rights to certain intellectual property and the trade names of Spode and Royal Worcester (purchased in April 2009), the intellectual property recognised at fair value on the acquisition of Wax Lyrical (purchased in May 2016) and the intellectual property of Nambé (purchased July 2019).

Customer lists includes the amounts recognised at fair value on the acquisition of Wax Lyrical (purchased in May 2016).

At the year end the Spode and Royal Worcester intellectual property had a carrying value of £564,000 (2019: £626,000). The remaining amortisation period is nine years.

## Notes to the Financial Statements continued

## 15. Intangible assets continued

At the year end the Wax Lyrical intellectual property had a carrying value of £2,685,000 (2019: £2,945,000) and the customer lists had a carrying value of £1,104,000 (2019: £1,311,000). The remaining amortisation periods are ten years four months and five years four months respectively.

At the year end the Nambé intellectual property had a carrying value of £1,917,000 (2019: £2,145,000). The remaining amortisation period is thirteen years and seven months.

## 16. Property, plant and equipment

	Land and buildings			Plant and vehicles £'000	Total £'000
	Freehold £'000	Long leasehold £'000	Leasehold improvements £'000		
<b>Cost</b>					
At 1 January 2019	3,855	3,874	1,619	16,502	25,850
Additions	163	—	232	1,153	1,548
Recognised on acquisition of a subsidiary	945	—	207	481	1,633
Disposals	—	—	—	(383)	(383)
Transfers	—	—	(358)	358	—
Exchange rate adjustments	(130)	—	(63)	(234)	(427)
At 1 January 2020	4,833	3,874	1,637	17,877	28,221
Additions	188	—	58	2,310	2,556
Recognised on acquisition of a subsidiary	—	—	4	54	58
Disposals	—	—	—	(229)	(229)
Transfers	—	—	6	(429)	(423)
Exchange rate adjustments	(68)	—	(40)	(134)	(242)
<b>At 31 December 2020</b>	<b>4,953</b>	<b>3,874</b>	<b>1,665</b>	<b>19,449</b>	<b>29,941</b>
<b>Depreciation</b>					
At 1 January 2019	2,101	276	1,293	12,514	16,184
Charge for the year	95	51	142	1,191	1,479
On disposals	—	—	—	(378)	(378)
Transfers	—	—	(358)	358	—
Exchange rate adjustments	(79)	—	(49)	(197)	(325)
At 1 January 2020	2,117	327	1,028	13,488	16,960
Charge for the year	144	51	155	1,284	1,634
On disposals	—	—	—	(219)	(219)
Transfers	39	—	4	(466)	(423)
Exchange rate adjustments	(45)	—	(39)	(124)	(208)
<b>At 31 December 2020</b>	<b>2,255</b>	<b>378</b>	<b>1,148</b>	<b>13,963</b>	<b>17,744</b>
<b>Net book value</b>					
<b>At 31 December 2020</b>	<b>2,698</b>	<b>3,496</b>	<b>517</b>	<b>5,486</b>	<b>12,197</b>
At 31 December 2019	2,716	3,547	609	4,389	11,261

The Long Leasehold property has a peppercorn rent where the lease premium was paid in total on completion of the purchase. At 31 December 2020, there are 135 years remaining on the lease. At 31 December 2020, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £1,356,000 (2019: £120,000).



## 17. Right-of-use assets

	Land & buildings £'000	Other £'000	Total £'000
<b>Cost</b>			
At 1 January 2020	7,234	645	7,879
Additions	2,338	51	2,389
Disposals	(26)	(7)	(33)
Recognised on acquisition of a subsidiary	483	—	483
Exchange rate adjustments	(142)	—	(142)
<b>At 31 December 2020</b>	<b>9,887</b>	<b>689</b>	<b>10,576</b>
<b>Amortisation</b>			
At 1 January 2020	1,494	239	1,733
Charge for the year	1,789	248	2,037
Exchange rate adjustments	(104)	—	(104)
<b>At 31 December 2020</b>	<b>3,179</b>	<b>487</b>	<b>3,666</b>
<b>Net book value</b>			
<b>At 31 December 2020</b>	<b>6,708</b>	<b>202</b>	<b>6,910</b>
At 31 December 2019	5,740	406	6,146

The Group leases land and buildings for its offices, warehouses and retail outlets under agreements of between five to one hundred years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The Group also leases plant and equipment under agreements of between three to seven years.

During the year, the Group acquired Portmeirion Canada Inc. which had right-of-use assets of £483,000 relating to land & buildings.

## Notes to the Financial Statements continued

## 18. Interests in associates

	2020 £'000	2019 £'000
Associated undertaking		
<b>Furlong Mills Limited</b>		
<i>Disposed on the 30 September 2019</i>		
Current assets	—	—
Non-current assets	—	—
Current liabilities	—	—
Non-current liabilities	—	—
Equity attributable to owners of the Company	—	—
Share of net assets	—	—
Discount on acquisition	—	—
Carrying value of the Group's interest in the associate	—	—
Revenue	—	7,473
Profit from continuing operations	—	300
<b>Portmeirion Canada Inc.</b>		
<i>Subsidiary from the 12 August 2020</i>		
Current assets	—	1,660
Non-current assets	—	11
Current liabilities	—	(147)
Equity attributable to owners of the Company	—	1,524
Share of net assets	—	762
Adjustment for intercompany profit held in inventories	—	(49)
Carrying value of the Group's interest in the associate	—	713
Revenue	775	2,466
Loss from continuing operations	(75)	(33)
<b>Aggregate carrying value of associated undertakings</b>	<b>—</b>	<b>713</b>

A list of the investments in subsidiaries and associates, including the name, country of incorporation and proportion of ownership interest, is given in note 19.

Up to 11 August 2020, Portmeirion Canada Inc. has been accounted for as an associate as it was independently managed from Canada, and with a 50% share of ownership the Directors consider that the Group asserted significant influence but not joint control. The remaining shares of Portmeirion Canada Inc. were acquired on the 12 August 2020 and the company has been accounted for as a subsidiary for the remainder of the financial year.

## 19. Investment in subsidiaries

Company investment in subsidiary undertakings:

	2020 £'000	2019 £'000
30,100 ordinary shares of £1 each in Portmeirion Group UK Limited representing 100% of the issued share capital at cost	1,455	1,455
<i>Capital contributions made to subsidiary undertakings:</i>		
Portmeirion Group UK Limited	21,375	10,146
Portmeirion Enterprises Limited	705	705
Portmeirion Distribution Limited	60	60
	<b>23,595</b>	<b>12,366</b>



## 19. Investment in subsidiaries continued

No interest is charged on these capital contributions.

At 31 December 2020 the Company had the following subsidiary and associated undertakings:

	Country of operation and incorporation	Legal/registered address	Nature of business
<b>Subsidiary undertakings</b>			
Portmeirion Group UK Limited	England and Wales	London Road, Stoke-on-Trent ST4 7QQ	Ceramic manufacturer, marketing and distribution of homeware
Portmeirion Enterprises Limited <sup>(1)</sup>	England and Wales	London Road, Stoke-on-Trent ST4 7QQ	Intermediate holding company
Portmeirion Distribution Limited <sup>(1)</sup>	England and Wales	London Road, Stoke-on-Trent ST4 7QQ	Property company
Portmeirion Services Limited <sup>(1)</sup>	England and Wales	London Road, Stoke-on-Trent ST4 7QQ	Dormant
Portmeirion Group USA, Inc. <sup>(2)</sup>	USA	105 Progress Lane, Waterbury, Connecticut, USA 06705	Marketing and distribution of homeware
Portmeirion Group Designs, LLC <sup>(3)</sup>	USA	105 Progress Lane, Waterbury, Connecticut, USA 06705	Online marketing and distribution of homeware
Nambé LLC. <sup>(3)</sup>	USA	200 West DeVargas Street, Unit 8, Santa Fe, New Mexico, 87501	Design, marketing and distribution of homeware
Portmeirion Group Hong Kong Limited <sup>(1)</sup>	Hong Kong	Unit B, 17/F, United Centre, 95 Queensway, Admiralty, Hong Kong	Intermediate holding company
Portmeirion (Shenzhen) Trading Company Limited <sup>(4)</sup>	China	Room A807, Block A, Lianhe Plaza, Futian District, Shenzhen, People's Republic of China	Marketing and distribution of homeware
Lighthouse Holdings Limited <sup>(1)</sup>	England and Wales	Lindal-in-Furness, Ulverston, Cumbria LA12 0LD	Intermediate holding company
Wax Lyrical Limited <sup>(5)</sup>	England and Wales	Lindal-in-Furness, Ulverston, Cumbria LA12 0LD	Manufacture, marketing and distribution of home fragrances
Colony Deutschland GmbH <sup>(6)</sup>	Germany	Unsöldstrasse 2, 80538 Muchen, Germany	Marketing and distribution of homeware
Colony Gift Corporation Limited <sup>(6)</sup>	England and Wales	Lindal-in-Furness, Ulverston, Cumbria LA12 0LD	Dormant
Wax Lyrical SAS <sup>(6)</sup>	France	13-15, 13 Rue Taitbout, 75009 Paris, France	Marketing and distribution of homeware
Portmeirion Canada Inc. <sup>(1)</sup>	Canada	20 Voyager Court South, Rexdale, Etobicoke, Toronto, Ontario, Canada	Marketing and distribution of homeware

The companies are incorporated in England and Wales and registered in England and Wales except where stated. The share capital of all subsidiary undertakings consists solely of ordinary shares. The Company holds 100% of the share capital of all subsidiaries.

Notes:

- (1) Wholly owned by Portmeirion Group UK Limited.
- (2) Wholly owned by Portmeirion Enterprises Limited.
- (3) Wholly owned by Portmeirion Group USA, Inc.
- (4) Wholly owned by Portmeirion Group Hong Kong Limited.
- (5) Wholly owned by Lighthouse Holdings Limited.
- (6) Wholly owned by Wax Lyrical Limited.

## Notes to the Financial Statements continued

## 20. Inventories

Group	2020 £'000	2019 £'000
Raw materials and other consumables	3,814	2,991
Work in progress	1,031	805
Finished goods	22,468	22,823
	<b>27,313</b>	26,619

## 21. Trade and other receivables

Group	2020 £'000	2019 £'000
Amounts receivable for the sale of goods	13,975	17,367
Allowance for doubtful debts	(400)	(96)
Trade receivables	13,575	17,271
Amounts owed by associated undertakings	—	246
Other receivables	191	150
Prepayments and accrued income	1,503	1,607
	<b>15,269</b>	19,274

Generally no interest is charged on receivables; however, there is provision in the Group's terms and conditions for interest to be charged on late payments. The allowance for doubtful debts has been determined by reference to past default experience and a review of specific customers' debts at the year end.

Included in the Group's trade receivable balance are receivables with a carrying amount of £558,000 (2019: £2,617,000) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 56 days (2019: 68 days).

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

Included in the allowance for doubtful debts are individually impaired trade receivables with a balance of £170,000 (2019: £nil), owed by companies which have been placed into liquidation. The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected liquidation proceeds. The Group does not hold any collateral over these balances.

Movement in the allowance for doubtful debts	2020 £'000	2019 £'000
Balance at the beginning of the year	96	369
Impairment losses recognised	500	9
Amounts written off as uncollectable	(196)	(282)
Balance at the end of the year	<b>400</b>	96



## 21. Trade and other receivables continued

### Company

	2020 £'000	2019 £'000
Amounts owed by subsidiary undertakings	3,730	3,928

The Directors consider that the carrying amount of trade and other receivables for the Group and the Company approximates to their fair value.

## 22. Cash and cash equivalents

### Group

	2020 £'000	2019 £'000
Cash and cash equivalents	11,590	1,151

Cash and cash equivalents comprise cash held by the Group including overdrafts and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates to their fair value.

## 23. Trade and other payables

### Group

	2020 £'000	2019 £'000
Trade payables and accruals	11,580	11,540
Other taxation and social security	706	990
Other payables	315	385
	<b>12,601</b>	<b>12,915</b>

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 38 days (2019: 39 days). For most suppliers no interest is charged on the trade payables from the date of invoice to the end of the following month. Thereafter, interest may be charged on the outstanding balances at various interest rates. The Group's policy is to pay all payables within the credit timeframe.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

Included in other payables is £8,000 in relation to a cash-settled share-based payments liability.

## 24. Lease liabilities

### Group

	2020 £'000	2019 £'000
Less than 1 month	194	133
1 – 3 months	554	267
Over 3 months	1,395	873
Total lease liability less than one year	<b>2,143</b>	<b>1,273</b>
Total lease liability greater than one year	<b>5,096</b>	<b>5,083</b>
	<b>7,239</b>	<b>6,356</b>

## Notes to the Financial Statements continued

### 25. Borrowings

The Group has four facilities:

- A £5,000,000 overdraft facility available until 31 August 2021. Interest is payable at 1.90% on the net pooled fund balance, plus bank base rate on net sterling borrowings.
- A £10,000,000 loan facility repayable in equal quarterly instalments until 4 October 2021. Interest is payable at an average 1.38% above three-month LIBOR. At the year end the outstanding balance was £2,000,000 which net of deferred facility fee costs of £12,000 left the balance sheet value of £1,988,000 (note 29).
- A £10,000,000 loan facility repayable in equal quarterly instalments, followed by a final instalment on 12 January 2025. Interest is payable at an average 1.90% above three-month LIBOR. At the year end the outstanding balance was £9,000,000 which net of deferred facility fee costs of £65,000 left the balance sheet value of £8,935,000 (note 29).
- A £10,000,000 revolving credit facility available until 26 May 2022. Interest is payable at 1.75% above three-month LIBOR.

These facilities are secured by an unlimited debenture from the Group and the Company and a first charge over the Group's property.

The overdraft was not being utilised at 31 December 2020 (2019: £581,000). The revolving credit facilities were not being utilised at 31 December 2020.

### 26. Deferred tax

#### Group

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting years:

	Accelerated tax depreciation £'000	Retirement benefit obligations £'000	Share- based payment £'000	Capital gain rolled over £'000	Other temporary differences £'000	Temporary difference acquired intangibles £'000	Total £'000
At 1 January 2019	(343)	1	6	(192)	340	(803)	(991)
(Charge)/credit to income	(277)	(207)	(17)	—	(178)	80	(599)
Acquired on acquisition of Nambé LLC	—	—	—	—	485	—	485
Credit to equity	—	—	3	—	—	—	3
Charge to other comprehensive income	—	276	—	—	46	—	322
At 1 January 2020	(620)	70	(8)	(192)	693	(723)	(780)
(Charge)/credit to income	(154)	(396)	(7)	(23)	(121)	3	(698)
Acquired on acquisition of Portmeirion Canada Inc.	—	—	—	—	38	—	38
Credit to equity	—	—	4	—	—	—	4
Charge/(credit) to other comprehensive income	—	843	—	—	(26)	—	817
<b>At 31 December 2020</b>	<b>(774)</b>	<b>517</b>	<b>(11)</b>	<b>(215)</b>	<b>584</b>	<b>(720)</b>	<b>(619)</b>



## 26. Deferred tax continued

### Group continued

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2020 £'000	2019 £'000
Deferred tax liability	(738)	(1,086)
Deferred tax asset	119	306
	(619)	(780)

At the balance sheet date, the Group had no unused tax trading losses and no capital losses (2019: £nil) available for offset against future profits.

Temporary differences arising in connection with interests in associates and joint ventures are insignificant.

## 27. Share capital

	2020		2019	
	Number '000	£'000	Number '000	£'000
Allotted, called up and fully paid share capital:				
– ordinary shares of 5p each	14,204	710	11,107	555

The market price of the Company's shares at 31 December 2020 was 500.0p per share. During the year the price ranged between 239.58p and 838.52p per share.

The Company has one class of ordinary shares which carry no right to fixed income.

During the year, 3,096,604 shares were issued with a nominal value of 5p per share.

Equity-settled share options and cash-settled share options granted to Directors and employees (note 34) and still outstanding at 31 December 2020 were as follows:

	Number of shares	Exercise price per share (p)	Dates on which exercisable	
			Earliest	Latest
2018 Deferred Incentive Plan	8,330	—	22.05.2021	20.08.2021
2018 Deferred Incentive Plan	8,363	—	09.08.2022	07.11.2022
2012 Approved Plan	8,524	1,180.0	23.05.2021	21.05.2028
2012 Unapproved Plan	125,087	1,180.0	23.05.2021	21.05.2028
2012 Approved Plan	12,549	980.0	09.08.2022	07.08.2029
2012 Unapproved Plan	61,751	980.0	09.08.2022	07.08.2029
Portmeirion Group Phantom Option Plan	36,000	446.0	05.05.2023	03.05.2030
2012 Approved Plan	48,616	446.0	05.05.2023	03.05.2030
2012 Unapproved Plan	125,884	446.0	05.05.2023	03.05.2030

Options held by the Directors are shown in the Directors' Remuneration Report on pages 50 and 51.

## 28. Own shares

	2020 £'000	2019 £'000
Treasury shares		
At 1 January	431	439
Shares issued under employee share schemes	(6)	(8)
At 31 December	425	431

## Notes to the Financial Statements continued

## 28. Own shares continued

ESOP shares	2020 £'000	2019 £'000
At 1 January	2,715	2,818
Shares issued under employee share schemes	—	(103)
At 31 December	2,715	2,715
<b>Total at 31 December</b>	<b>3,140</b>	<b>3,146</b>

The Group currently holds 226,975 (2019: 230,382) ordinary shares of 5p each in treasury.

The ESOP share reserve represents the cost of shares in Portmeirion Group PLC purchased in the market and held by the Portmeirion Employees' Share Trust to satisfy options under the Group's share option schemes (note 34). The number of ordinary shares held by the Portmeirion Employees' Share Trust at 31 December 2020 was 234,523 (2019: 234,523).

## 29. Notes to the statements of cash flows

Group	1 January 2020	Financing <sup>(1)</sup> cash flows	Other <sup>(2)</sup> changes	31 December 2020
Current borrowings	4,543	(581)	10	3,972
Non-current borrowings	8,930	(2,000)	21	6,951
<b>Total liabilities from financing activities</b>	<b>13,473</b>	<b>(2,581)</b>	<b>31</b>	<b>10,923</b>

Notes:

(1) The cash flows make up the net amount of repayments of borrowings in the cash flow statement.

(2) Other changes are the amortisation of upfront facility fees.

## 30. Contingent liabilities

The Group and the Company have given a guarantee of up to \$900,000 to the landlord of the premises of Portmeirion Group USA, Inc. located in Connecticut, USA. The Group and the Company have also provided a guarantee to the Trustees of the UK defined benefit pension scheme which guarantees all present and future obligations and liabilities up to a maximum amount equal to the entire aggregate liability.

## 31. Related party transactions

Transactions between the Group and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates and the Company and its subsidiaries and associates are disclosed below.

## Group

The transactions during the year with associated undertakings were:

	Sales 2020 £'000	Sales 2019 £'000	Purchases 2020 £'000	Purchases 2019 £'000
Portmeirion Canada Inc.	474	1,087	—	—

The outstanding balances at 31 December 2020 with associated undertakings were:

	Debtor 2020 £'000	Debtor 2019 £'000	Creditor 2020 £'000	Creditor 2019 £'000
Portmeirion Canada Inc.	—	246	—	—

Sales to Portmeirion Canada Inc. are made at prices agreed between Portmeirion Group UK Limited and Portmeirion Canada Inc. The sales figure includes management fees for Group services. The sales figure is up to 11 August 2020 before the associate became a subsidiary.



### 31. Related party transactions continued

#### Group continued

Transactions with Directors relate to the companies share issue. This was on 04 May 2020, under the Portmeirion 2012 Approved and Unapproved Share Option Plan, when 21,000, 40,000, 21,000, 29,000, 7,500, 10,000 and 15,000 share option awards were granted to P Atherton, M Raybould, M Knapper, D Sproston, M Macdonald, J Gale and B Robedee respectively at an option price of £4.46 per share when the market price was £4.22 per share. The share options for P Atherton lapsed on 31 October 2020 after they left the business.

Several of the Directors made purchases of goods from the Group during the year on the same terms as those available to all employees. Total purchases did not exceed £3,000 for any Director in the year or in the prior year.

No Director of the Company had a financial interest in any material contract, other than those for service, to which the Company was a party during the financial year.

The key management personnel of the Group are considered to be the Directors, the remuneration of whom is set out in note 7 on page 78.

#### Company

During 2020 net transactions totalling £198,000 were credited (2019: £155,000) to the intercompany account with the Company's subsidiary, Portmeirion Group UK Limited. These transactions represented payments and receipts made on behalf of the Company by Portmeirion Group UK Limited, share issue funds, reclaimed dividends and the charge for share-based payments.

During the year there were no changes in the Portmeirion Employees' Share Trust (2019: £103,000 decrease). The purpose of the loan is for acquiring shares to satisfy Group share option exercises (note 34). The total outstanding loan is now £2,715,000 (2019: £2,715,000). The ESOP share reserve is disclosed in note 28.

The outstanding balances with subsidiary undertakings at 31 December 2020 and 31 December 2019 are shown in note 21.

### 32. Pensions

The Group operates group personal pension plans in the UK and a discretionary money purchase scheme in the USA.

The total cost charged to income of £1,407,000 (2019: £1,605,000) represents contributions payable to these schemes by the Group at rates specified in the rules of the schemes.

The UK defined benefit scheme was frozen, i.e. closed to new entrants and for future accrual of benefits, at 5 April 1999. Following the decision for the scheme to be frozen, formal notice was given to employees in January 1999. A defined contribution pension scheme commenced on 6 April 1999 for all eligible UK employees. This scheme was closed on 31 October 2002 and was replaced by a group stakeholder pension plan. Membership in this scheme was transferred to a group personal pension plan during 2013.

All equity and debt instruments have quoted prices in active markets.

#### Investment risk

The present value of the defined benefit liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan assets is below this rate, it will increase the scheme deficit.

#### Interest risk

A decrease in the bond interest rate will increase the scheme liability.

#### Longevity risk

The present value of the defined benefit scheme liability is calculated by reference to the best estimate of the mortality of the scheme participants both during and after their employment. An increase in the life expectancy of the scheme participants will increase the scheme's liability.

#### Salary risk

The present value of the defined benefit scheme liability is calculated by reference to the salary of scheme participants at the point the scheme was closed. As such, only inflationary increases in the salary of scheme participants will increase the scheme's liability.

## Notes to the Financial Statements continued

### 32. Pensions continued

#### Valuation and assumptions

For the defined benefit scheme, the most recent triennial valuation was at 5 April 2017. The main actuarial assumptions used in the valuation were:

- RPI for current pensioners of 3.50% per annum;
- RPI for future pensioners of 4.00% per annum;
- CPI of 2.40% per annum;
- pre-retirement valuation rate of interest of 3.30% per annum;
- post-retirement valuation rate of interest for current pensioners of 1.80% per annum;
- post-retirement valuation rate of interest for future pensioners of 2.60% per annum; and
- mortality experience based upon S2PA tables with projections based on year of birth with a long-term rate of improvement of 1.50% per annum.

At the date of the last valuation on 5 April 2017 the market value of the scheme assets was £33,423,000 and the scheme had a deficiency of £4,099,000.

The actuarial valuation of the scheme was updated at 31 December 2020 in accordance with IAS 19 by qualified actuaries.

The major assumptions used by the actuaries were:

	2020	2019
<i>Rate of increase of pensions in payment:</i>		
– Post 06.04.88 GMP	<b>2.80%</b>	2.85%
– Pre 06.04.97 excess over GMP	<b>5.00%</b>	5.00%
– Post 06.04.97 pension	<b>2.80%</b>	2.85%
– Rate of revaluation of pensions in deferment	<b>2.00%</b>	1.85%
Rate used to discount scheme liabilities	<b>1.25%</b>	1.95%
<i>Inflation assumption:</i>		
– RPI	<b>2.90%</b>	2.95%
– CPI	<b>2.00%</b>	1.85%
<i>Life expectancy at 65 for a member:</i>		
– Currently aged 65 – male	<b>20.9</b>	21.6
– Currently aged 45 – male	<b>22.3</b>	22.6
– Currently aged 65 – female	<b>23.3</b>	23.9
– Currently aged 45 – female	<b>24.8</b>	25.0

#### Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected inflation increases and life expectancy. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate is 0.25% lower, the defined benefit obligation would increase by £1,837,000 (2019: £1,544,000).

If inflation and related assumptions increased by 0.25%, the defined benefit obligation would increase by £264,000 (2019: £210,000).

If life expectancy increased by one year for both men and women, the defined benefit obligation would increase by £2,173,000 (2019: £1,716,000).



### 32. Pensions continued

#### Sensitivity analysis continued

The sensitivity analysis presented may not be representative of the actual change in the defined benefit obligation as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

#### Analysis of scheme assets and liabilities

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit scheme is as follows:

	2020 Fair value £'000	2019 Fair value £'000
<b>Scheme assets</b>		
Equities	5,622	5,892
Bonds	10,181	9,016
Gilts	11,723	10,387
Diversified growth funds	7,305	6,689
Insured pensions	4,175	5,221
Cash	220	150
<b>Total fair value of assets</b>	<b>39,226</b>	37,355
<b>Present value of defined benefit obligations</b>	<b>(41,947)</b>	(37,769)
<b>Deficit in the scheme</b>	<b>(2,721)</b>	(414)

#### Analysis of the amount charged to operating profit

	2020 £'000	2019 £'000
Current service cost	—	—
Past service cost	—	—
	—	—

#### Analysis of the amount included in the income statement

	2020 £'000	2019 £'000
Interest on pension scheme assets	727	965
Interest on pension scheme liabilities	(726)	(949)
<b>Amount credited to interest income</b>	<b>1</b>	16

#### Amounts recognised in the consolidated statement of comprehensive income

	2020 £'000	2019 £'000
Return on plan assets (excluding amounts included in net interest expense)	1,287	3,072
Actuarial gains and losses arising from changes in financial assumptions	(4,202)	(4,997)
Actuarial gains and losses arising from changes in demographic assumptions	113	373
Actuarial gains and losses arising from experience adjustments	(406)	(72)
<b>Remeasurement of the net defined benefit pension scheme liability</b>	<b>(3,208)</b>	(1,624)

The Group has assessed the impact of GMP equalisation on the defined benefit obligation. This has not been accounted for on the basis it is both immaterial and highly judgemental.

## Notes to the Financial Statements continued

### 32. Pensions continued

#### Amounts recognised in the consolidated statement of comprehensive income continued

The cumulative amount of actuarial gains and losses recognised in the consolidated statement of comprehensive income since adoption of IFRS is a loss of £9,967,000 (2019: £6,759,000).

#### Analysis of movements in scheme assets and liabilities

Movements in the present value of defined benefit obligations were as follows:

	2020 £'000	2019 £'000
At 1 January	37,769	33,261
Service cost	—	—
Interest cost	726	949
Remeasurements (financial assumptions)	4,202	4,997
Remeasurements (demographic assumptions)	(113)	(373)
Remeasurements (experience adjustments)	406	72
Benefits paid	(1,043)	(1,137)
At 31 December	41,947	37,769

Movements in the fair value of scheme assets were as follows:

	2020 £'000	2019 £'000
At 1 January	37,355	33,255
Interest on assets	727	965
Remeasurement of assets	1,287	3,072
Contributions by the employer	900	1,200
Benefits paid	(1,043)	(1,137)
At 31 December	39,226	37,355

#### Pension contributions

The estimated amount of contributions expected to be paid to the scheme during the next financial year is £1,500,000 (2020: £900,000). The contributions were temporarily halted in 2020 due to Covid-19. The Group is contracted to paying into the scheme until June 2021, under the agreed schedule of contributions.

The average duration of the defined benefit obligation at the end of the reporting period is 17 years.

At 31 December 2020, contributions of £147,000 (2019: £152,000) due in respect of the current reporting period had not been paid over to the UK schemes.

In the United States there was a provision for payments into the money purchase scheme of £165,000 (2019: £143,000) at 31 December 2020.

### 33. Financial instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2.

#### Financial risk management objectives

##### Capital management

The Group and the Company manage their capital to ensure that all entities in the Group will be able to continue as a going concern while maximising the return to stakeholders. The Group's overall strategy remains unchanged from 2019.

The capital structure of the Group consists of cash and cash equivalents, borrowings and equity attributable to equity holders, comprising capital, reserves and retained earnings.

The Group is not subject to any externally imposed capital requirements. The Group Board reviews the capital structure at each Board meeting and considers the cost of capital and the risks associated with each class of capital.



### 33. Financial instruments continued

#### Financial risk management objectives continued

##### Credit risk

The Group's principal financial assets are cash, short-term deposits and trade receivables. The Group's policy is to place funds on short-term deposit with highly rated institutions. Accounts receivable are monitored closely and provisions are made for expected credit loss where appropriate. The creditworthiness of customers is assessed prior to opening new accounts and on a regular basis for significant customers. The assessment of credit quality of trade receivables is outlined in note 21.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics that is not covered by credit insurance.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group and Company's maximum exposure to credit risk.

##### Interest rate risk management and sensitivity analysis

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates as disclosed in note 25. The risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings, and could further be mitigated by the use of interest rate swap contracts and forward interest rate contracts if deemed appropriate. If interest rates had been 1% higher and all the other variables were held constant, the Group's profit for the year ended 31 December 2020 would decrease by £133,000 (2019: £102,000).

##### Foreign currency risk management

The Group has exposure to foreign currency risk arising from its net investments in and cash flows from overseas subsidiaries. Its policy in managing this risk is to maintain appropriate levels of net assets in the overseas companies and utilise foreign currency forward contracts. The most significant risk of exposure to foreign currency arises from the US dollar sales made by Portmeirion UK to Portmeirion North America. The Group's net exposure to US dollar cash flows for the coming year is not expected to be significant. At the year end the Group had in place an average rate option in US dollars to manage the risk arising from the retranslation of profit made in the United States.

The Group enters into derivative transactions only to manage exposure arising from its underlying businesses. No speculative derivative contracts are entered into.

The Group undertakes certain trading transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts when considered appropriate. Open derivative positions at the year end are not material.

The carrying amounts of the Group's material foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Euro	104	163	626	397
US dollar	2,832	4,564	9,260	8,813

##### Foreign currency sensitivity analysis

The Group is mainly exposed to the currencies of euro and US dollar.

The following table details the Group's sensitivity to a 10% increase and decrease in sterling against the relevant foreign currencies. 10% is the sensitivity rate which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates. A negative number below indicates a decrease in profit where sterling strengthens 10% against the relevant currency. For a 10% weakening of sterling against the relevant currency, there would be an equal and opposite impact on profit.

	Euro impact		US dollar impact	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
(Loss)/profit	(47)	(21)	(4)	86

## Notes to the Financial Statements continued

## 33. Financial instruments continued

## Financial risk management objectives continued

## Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

## Liquidity and interest risk tables

The following tables detail the Group's expected maturity for its assets and liabilities. The tables have been drawn up based on the undiscounted contractual maturities of the financial assets and liabilities including interest that will be earned on those assets except where the Group anticipates that the cash flow will occur in a different period.

At 31 December 2020	Weighted average effective interest rate %	Less than 1 month £'000	1-3 months £'000	Over 3 months £'000	Non-financial assets/ (liabilities) £'000	Total £'000
Financial assets	0.10	24,615	550	—	—	25,165
Other assets	—	—	—	—	64,766	64,766
<b>Total assets</b>		<b>24,615</b>	<b>550</b>	<b>—</b>	<b>64,766</b>	<b>89,931</b>
Shareholders' funds	—	—	—	—	(55,709)	(55,709)
Financial liabilities	—	(11,718)	(110)	(67)	—	(11,895)
Borrowings	2.25	(1,000)	—	(9,923)	—	(10,923)
Other liabilities	—	(648)	(806)	(6,491)	(738)	(8,683)
Pension scheme deficit	—	—	—	—	(2,721)	(2,721)
<b>Total liabilities and shareholders' funds</b>		<b>(13,366)</b>	<b>(916)</b>	<b>(16,481)</b>	<b>(59,168)</b>	<b>(89,931)</b>
<b>Cumulative gap</b>		<b>11,249</b>	<b>10,883</b>	<b>(5,598)</b>	<b>—</b>	<b>—</b>

At 31 December 2019	Weighted average effective interest rate %	Less than 1 month £'000	1-3 months £'000	Over 3 months £'000	Non-financial assets/ (liabilities) £'000	Total £'000
Financial assets	0.75	17,540	1,128	—	—	18,668
Other assets	—	—	—	—	63,674	63,674
<b>Total assets</b>		<b>17,540</b>	<b>1,128</b>	<b>—</b>	<b>63,674</b>	<b>82,342</b>
Shareholders' funds	—	—	—	—	(48,098)	(48,098)
Financial liabilities	—	(11,726)	(136)	(63)	—	(11,925)
Borrowings	2.70	(1,000)	—	(12,473)	—	(13,473)
Other liabilities	—	(610)	(780)	(5,956)	(1,086)	(8,432)
Pension scheme deficit	—	—	—	—	(414)	(414)
<b>Total liabilities and shareholders' funds</b>		<b>(13,336)</b>	<b>(916)</b>	<b>(18,492)</b>	<b>(49,598)</b>	<b>(82,342)</b>
<b>Cumulative gap</b>		<b>4,204</b>	<b>4,416</b>	<b>(14,076)</b>	<b>—</b>	<b>—</b>



### 33. Financial instruments continued

#### Liquidity and interest risk tables continued

Categories of financial instruments	2020 £'000	2019 £'000
Financial assets:		
Cash and cash equivalents	11,590	1,151
Loans and receivables	13,575	17,517
	<b>25,165</b>	<b>18,668</b>
Financial liabilities:		
Amortised cost	11,895	11,925

### 34. Share-based payments

#### Equity-settled share option schemes

The Group operates two share option schemes ("share schemes") and one long-term incentive plan ("LTIP") for senior managers and Directors.

The Group recognised an expense of £65,000 in 2020 and an income of £39,000 in 2019. The Company recharged this expenditure/income to Portmeirion Group UK Limited.

#### a) The Portmeirion Group 2018 Deferred Incentive Share Option Plan (LTIP)

Options are granted to Executive Directors in a year over shares with a market value not exceeding 50% of the gross incentive earned by the relevant Director in respect of the previous financial year. Options are exercisable at £1 per individual as the total exercise price. The vesting period is three years. If the options remain unexercised after a period of three years and three months from the date of grant the options expire.

Details of the share options outstanding during the year are as follows:

	2020		2019	
	Number of share options	Total exercise price £	Number of share options	Total exercise price £
Outstanding at 1 January	23,658	8	18,624	6
Granted during the year	—	—	21,153	4
Lapsed during the year	(3,558)	—	(11,894)	—
Surrendered during the year	—	—	—	—
Exercised during the year	(3,407)	(2)	(4,225)	(2)
Outstanding at 31 December	16,693	6	23,658	8
Exercisable at 31 December	—	—	—	—

The options outstanding at 31 December 2020 had a weighted average remaining contractual life of 1.2 years (2019: 2.3 years). No options were granted in 2020.

The inputs into the Black Scholes pricing model are as follows:

	2020	2019
Weighted average share price at date of grant	—	£9.600
Weighted average exercise price	—	£nil
Expected volatility	—	21%
Expected life	—	3.125 years
Risk-free rate	—	0.88%
Expected dividend rate	—	3.91%

Expected volatility was determined by calculating the historical volatility over the previous 3.125 years. The expected life used in the model assumes that the options will be exercised on average halfway through the period during which they can be exercised.

## Notes to the Financial Statements continued

### 34. Share-based payments continued

#### Equity-settled share option schemes continued

##### b) The Portmeirion 2012 Approved and Unapproved Share Option Plans (Share schemes)

Options are exercisable at a price equal to the closing quoted market price of the Company's shares on the day prior to the date of the grant. The vesting period is three years. If the options remain unexercised after a period of ten years from the date of grant the options expire.

Details of the share options outstanding during the year are as follows:

	2020		2019	
	Number of share options	Weighted average exercise price £	Number of share options	Weighted average exercise price £
Outstanding at 1 January	416,133	10.529	391,500	10.689
Granted during the year	200,500	4.460	77,300	9.800
Lapsed during the year	(234,222)	9.361	(41,667)	10.993
Surrendered during the year	—	—	—	—
Exercised during the year	—	—	(11,000)	9.350
Outstanding at 31 December	382,411	8.062	416,133	10.529
Exercisable at 31 December	—	—	—	—

The options outstanding at 31 December 2020 had a weighted average remaining contractual life of 8.5 years (2019: 8.3 years).

In 2020, options were granted on 5 May. The aggregate of the estimated fair value of those options is £168,149.

The range of exercise prices for the options outstanding at 31 December is £4.460.

The inputs into the Black-Scholes pricing model are as follows:

	2020	2019
Weighted average share price at date of grant	£4.220	£9.600
Weighted average exercise price	£4.460	£9.800
Expected volatility	58%	21%
Expected life	4 years	4 years
Risk-free rate	0.05%	0.88%
Expected dividend rate	8.89%	3.91%

Expected volatility was determined by calculating the historical volatility over the previous four years. The expected life used in the model is based upon management's best estimate of life using historical experience as a benchmark.



### 35. Acquisition of subsidiary

On 12 August 2020, the Group acquired the remaining 50% interest in Portmeirion Canada Inc. from Royal Selangor Inc. for a net consideration of \$935,000 Canadian dollars (including cash acquired of \$653,000) before acquisition costs. This included the trade and assets of Royal Selangor Inc. which were included as part of the transaction.

The acquisition provides the Group with additional scale in its Canadian market and strategically complements its existing US subsidiary while continuing to diversify the company into new homeware product categories.

The acquisition terms do not include any contingent or deferred consideration arrangements. Details of the total consideration and the provisional fair values of the assets and liabilities acquired are as follows:

	Net assets acquired \$'000	Fair value adjustment \$'000	Initial fair value of assets/ (liabilities) acquired \$'000	Initial fair value of assets/ (liabilities) acquired £'000
Cash and cash equivalents	653	—	653	378
Trade and other receivables	709	—	709	411
Inventory	2,160	(43)	2,117	1,225
Property, plant and equipment	101	—	101	58
Trade and other payables	(1,000)	—	(1,000)	(579)
Right-of-use asset	835	—	835	483
Lease liabilities	(835)	—	(835)	(483)
Identifiable intangible assets	72	—	72	42
Deferred tax asset	—	66	66	38
<b>Total identifiable assets</b>	<b>2,695</b>	<b>23</b>	<b>2,718</b>	<b>1,573</b>
Goodwill not recognised	229	—	229	132
<b>Total consideration</b>	<b>2,924</b>	<b>23</b>	<b>2,947</b>	<b>1,705</b>
			\$'000	£'000
<i>Satisfied by:</i>				
Cash			1,588	919
Previously held interest			1,359	786
<b>Total consideration transferred</b>			<b>2,947</b>	<b>1,705</b>

The CAD/GBP exchange rate at acquisition was 1.7275, translating as follows:

	£'000
<i>Net cash outflow arising on acquisition:</i>	
Cash consideration	919
Less: cash and cash equivalent balances acquired	(378)
	<b>541</b>

The acquisition of the remaining 50% shareholding of Portmeirion Canada Inc. has been accounted for as a staged acquisition in accordance with IFRS3. This resulted in a gain on revaluation of the previously held interest of £132,000 (\$229,000). Subsequently, £132,000 (\$229,000) of goodwill arose on acquisition of the remaining 50% shareholding of Portmeirion Canada Inc. and the Group has chosen not to recognise this goodwill. The net impact of these transactions was no gain or loss. The intangible assets value of £42,000 recognised at fair value, which is being amortised over its estimated useful life.

### 36. Post balance sheet event

There are no post balance sheet events.

## Five-year Summary

### Consolidated income statement information

#### Years ended 31 December

	2020 £'000	2019 £'000	2018 £'000	2017 £'000	2016 £'000
Revenue	<b>87,854</b>	92,816	89,594	84,769	76,677
(Loss)/profit before tax	<b>(232)</b>	7,100	9,714	8,822	7,806
Tax	<b>(503)</b>	(1,286)	(2,023)	(1,944)	(1,581)
(Loss)/profit attributable to equity holders	<b>(735)</b>	5,814	7,691	6,878	6,225
Earnings per share	<b>(6.02)p</b>	54.66p	72.12p	65.07p	59.60p
Diluted earnings per share	<b>(6.02)p</b>	54.58p	71.90p	64.79p	59.10p
Dividends paid and proposed per share	<b>0.00p</b>	8.00p	37.50p	34.66p	32.25p

### Consolidated balance sheet information

#### At 31 December

	2020 £'000	2019 £'000	2018 £'000	2017 £'000	2016 £'000
<b>Assets employed</b>					
Non-current assets	<b>35,180</b>	35,051	25,142	26,301	28,200
Current assets	<b>54,751</b>	47,291	42,031	38,992	35,292
Current liabilities	<b>(18,716)</b>	(18,731)	(14,552)	(13,012)	(11,704)
Non-current liabilities	<b>(15,506)</b>	(15,513)	(3,971)	(7,509)	(15,000)
	<b>55,709</b>	48,098	48,650	44,772	36,788
<b>Financed by</b>					
Called up share capital	<b>710</b>	555	555	554	550
Share premium account and reserves	<b>54,999</b>	47,543	48,095	44,218	36,238
	<b>55,709</b>	48,098	48,650	44,772	36,788



## Company Information

### Board of Directors

#### Non-executive Chairman

Dick Steele BCOM FCA CTA

#### Chief Executive

Mike Raybould BSc ACA

#### Group Finance Director

David Sproston BSc ACA

#### Chief Commercial Officer

Jacqui Gale MBA

#### Operations Director

Mick Knapper

#### President of North America

Bill Robedee JD BA

#### Non-executive Director

Andrew Andrea BA MA ACA

#### Non-executive Director

Angela Luger BSc

#### Non-executive Director

Clare Askem BSc MBA

#### Company Secretary

Moira MacDonald FCIS

#### Registered office and number

London Road  
Stoke-on-Trent  
ST4 7QQ

Tel: +44 (0) 1782 744721

www.portmeiriongroup.com

Registered number: 124842

### Auditors

Mazars LLP  
The Pinnacle  
160 Midsummer Boulevard  
Milton Keynes  
MK9 1FF

### Nominated adviser and broker

Panmure Gordon (UK) Limited  
One New Change  
London  
EC4M 9AF

### Joint broker

N+1 Singer  
1, Bartholomew Lane  
London  
EC2N 2AX

### Registrars

Link Group  
10th Floor  
Central Square  
29 Wellington Street  
Leeds  
LS1 4DL

Tel: 0371 664 0300\* (UK)  
+44 (0) 37 1664 0300 (outside UK)

Email: [shareholderenquiries@linkgroup.co.uk](mailto:shareholderenquiries@linkgroup.co.uk)  
[www.linkgroup.com/contact](http://www.linkgroup.com/contact)

\* Calls are charged at the standard geographic rate and will vary by provider. Lines open between 9:00 am and 5:30 pm GMT, Monday–Friday excluding public holidays in England and Wales.

### Solicitors

Pinsent Masons LLP  
55 Colmore Row  
Birmingham  
B3 2FG

HGF Limited  
4th Floor Merchant Exchange  
17–19 Whitworth Street West  
Manchester  
M1 5WG

Knights PLC  
The Brampton  
Newcastle-under-Lyme  
Staffordshire  
ST5 0QW

Freeths LLP  
Federation House  
Station Road  
Stoke-on-Trent  
ST4 2SA

### Financial PR advisers

Hudson Sandler LLP  
25 Charterhouse Square  
London  
EC1M 6AE

Tel: +44 (0) 20 7796 4133

Email: [hello@hudsonsandler.com](mailto:hello@hudsonsandler.com)

## Financial Calendar

Annual General Meeting	May
Interim Report	September
Dividends	
Interim announced	September
Final announced	March



Produced by

**designportfolio**

**PORTMEIRION** GROUP PLC

London Road

Stoke-on-Trent

Staffordshire ST4 7QQ

Telephone: +44 (0)1782 744721

[www.portmeiriongroup.com](http://www.portmeiriongroup.com)

